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The **CREDITWORLD**

Official Publication of the National Retail Credit Association

National in Name---International in Scope

October, 1936 — Vol. XXV, No. 1

TULSA—CREDIT-MINDED AS WELL AS OIL-MINDED!

The Associated Retail Credit Men of Tulsa have the second oldest local association in Oklahoma. An outstanding local in the Southwest, it is one of the strongest in the National Association—always well represented at District Conferences and at National Conventions. The credit women of Tulsa take an active interest and are usually well represented on the list of Officers and Directors.



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The President's Message

E. K. BARNES

*President, National Retail Credit Association
Vice-President, First National Bank, Spokane, Wash.*

AS PRESIDENT of the National Retail Credit Association, this is my first public appearance, as it were, and at the outset, it is my candid opinion that the N. R. C. A. and the N. C. C. R. C. are facing an era of real advancement—provided we do not allow ourselves to think that we have "cornered" the field of credit knowledge.

Looking backward: It is not such a long time ago, measured in years, that we were a small and struggling organization, embarking on uncharted seas; and it is only due to the vision (*and the enthusiasm*) of our founders, pioneer credit men and bureau men, that we are now beginning to harvest the fruits of our labors!

A moment's reflection will enable us to see the marvelous strides which have been made in the field of credit. Let us realize, too, that the extent to which credit is used as a tool of modern business gives our organizations increasing opportunities to accomplish the purposes for which we were organized. Likewise, it enables us to set *new objectives*—for greater accomplishments in the future!

Of course, as you all know, the principal functions of our Association are education and legislation. Speaking of education, it has been necessary to start from the very bottom and to proceed cautiously. Learning through experience, we have made progress.

But—credit education is a never-ending process, and it has a twofold function: The education of the credit grantor in the proper extension of credit as well as of the credit buyer in the proper use of it. After all, the seller, as well as the buyer, is usually responsible for a breakdown in the credit structure!

I have just returned from Port Angeles, Washington, having attended the Washington State Bureau Conference and, after lis-



tening to the deliberations of that body for two days, I am convinced, more than ever, that, in order to reach the point of perfection for which we are striving, there must be more of such meetings *and the attendance at them should be 100 per cent.*

The great tragedy is that the bureau managers and credit granters *who need education* are the very ones who are not interested in improving their service or knowledge. They seem to be content to go along in the same old rut. The final result is the gradual slipping away, to their competitors, of what little business they have been able to retain.

At the last Convention in Omaha, the matter of increasing attendance at our National Conventions was given considerable thought, with the idea in mind that they furnish one of the greatest mediums for the education of our membership.

A chain is only as strong as its weakest link. So it is imperative that we strengthen every vulnerable point in our Association. In order to gain *our place in the sun*, it will also be necessary to increase our National membership to a far greater degree. In fact, our membership should be numbered in the hundreds of thousands instead of in the tens of thousands!

Although our bureaus have on file the records of sixty million consumers and probably serve a quarter of a million local credit granters, the potential force of that quarter million should be unified, *through membership in the National Association*, that our organization may be large enough to command prestige and influence the passage of legislation beneficial to the retailer.

Through the cooperative efforts of all of our members this can be accomplished!

The CREDIT WORLD

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THE 10 HIDDEN LOSSES IN SLOW CHARGE ACCTS.

and How to Reduce Them

NEW BOOK JUST OUT!

Free Copy on Request

Every credit man and business manager knows that it is bad business to permit credit accounts to run over a definite period—60 days at the most. Yet few know just how bad it is, how great the money loss is, just where the losses are.

Dr. Clyde William Phelps, head of the Department of Economics, University of Chattanooga, "puts the finger" on these hidden "devils" that rob a business of its profit in his new pamphlet (just out) entitled "The 10 Hidden Losses In Slow Charge Accounts." This new work is up-to-date, concise, entertainingly written and illustrated; well authenticated by reference to scores of leading credit men's opinions and other authorities.

WHAT HAPPENS WHEN YOU LET CUSTOMERS DELAY PAYMENT

Anyone knows that slow accounts tie up capital thus causing expense for borrowed money and hindering operations generally—but are you aware that there are 9 other certain and specific losses as well? It would pay every credit man to keep these clearly defined points, as explained in this new book, in front of him at all times.



But What Should the Retailer Do About It?

This timely publication, the result of a nationwide survey, is not only informative to the credit executive. It has a practical value as well since it shows you how wide-awake credit men are solving the slow pay problem. A valuable guide and reference to the sales, advertising and credit departments of all wholesale and retail merchants.

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EDITORIAL COMMENT

By L. S. CROWDER



More Volume? Yes! But With Profit!

WITH retail business showing satisfactory improvement month after month, there will probably be a tendency to discontinue unprofitable credit sales promotions, and particularly the competition in terms which prevails in many cities.

Not only should the selling of terms be eliminated (unreasonable terms and the adding of a carrying charge which is insufficient to carry the account) but uniform terms should be agreed upon by the retailers of each community.

Many letters are received at the National Office criticizing the action of retailers in disregarding sound credit practices in the desire for volume. Apparently, lessons of the past have been forgotten or ignored. Managers of Credit Sales have protested in vain but in most instances the Sales Promotion Department won out—*temporarily*.

Collection costs mount on accounts that run unreasonably long, repossession are heavier, cash and monthly charge business suffer because the customer has been overloaded, and, in many instances, the carrying charge does not justify the time granted. Statistics show that time payment accounts with no down payments cause the greatest trouble and heaviest repossession.

Advertising merchandise on long terms and without a down payment attracts to the store many who are not entitled to credit. Have you considered the cost of rejecting such applications; the time of the salesperson in making the sale; the time of the Credit Sales Manager or Assistant in interviewing the customer; the cost of the credit report; and, last but not least, the probable loss of cash business and good will because sound business judgment forced the Credit Sales Manager to reject the account?

I am reminded of several cities visited in the past year. In one city the carrying charge is only 4 per cent of deferred balance for one year's time, and it is cancelled if the account is paid within six months—on the face of it, *unprofitable business!* In addition, it has resulted in *slower collections on monthly accounts*—not the fault of the Managers of Credit Sales, but of the retail heads of that city for adopting such credit policies.

In another city, 1,500 miles distant, the merchants have a sound credit policy: No terms are advertised; a down payment is required on every sale; and the Manager of Credit Sales approves all sales where the terms requested are out of the ordinary. He takes into consideration the customer's position—his credit standing, not only with the store but with the other stores of the city—also the type of merchandise, and extends credit accordingly. *He is a Manager of Credit Sales.*

That city shows, month after month, and year after year, collection percentages in line with percentages in the leading cities of the country. In another city *in the same state* there has been competition in terms for more than a year. Result? The breakdown in the credit structure may have temporarily increased sales, but will eventually retard them.

The principal merchants are selling terms, with the result (in my opinion) that the increase in credit sales in that city has been no greater than in comparable cities. In several instances, carrying charges have been reduced and one store advertises, "No Carrying Charge."

The Managers of Credit Sales are as efficient as any in the country, but—the collections in that city are from 12 to 15 per cent less than the collections of its sister city. The city with high collection percentages does not lose volume as a result of its credit policy—the principal stores are doing a very satisfactory business, and *making money*.

The most successful managers of credit sales are those who are unhampered in their operations and have a voice in all store policies affecting the credit department. They assume full responsibility for the profitable operation of their departments and their record throughout the depression is evidence that the confidence reposed in them was fully justified.

To the head of every retail establishment: Confer with your Manager of Credit Sales when there is a credit sales policy under consideration. He should, and probably does, know more about *your credit problems*, the credit problems of the community and the Nation than anyone connected with your establishment. Use this knowledge and it will pay dividends!

The Next Step: A Definite Collection Policy!

By DR. CLYDE WILLIAM PHELPS

Head of Department of Economics, University of Chattanooga
Chattanooga, Tenn.



HERE are two main parts to the credit manager's job: (1) Extending the credit; (2) Collecting the money. If the credit man falls down on either of these jobs, the store loses money. That's simple. It is evident that the two jobs are equally important. But often we do not treat them so.

For example: We are very careful about extending credit—we follow a *definite* credit policy. Then we frequently spoil it—our collections are slow and lax—because we have no *definite* collection policy. Too often we are definite about getting the goods out of the store. But we are not definite about getting the money into the store.

Job No. 1 is solved

Job No. 1, extending the credit, is solved. At least, we know that it is well on the way to complete solution. Why?

A definite policy of extending credit has *already* been formulated. It has been "sold," and is being sold to increasing numbers of retailers every year.

A definite credit policy has been evolved in granting credit: Make a careful investigation of the applicant, secure a report from the bureau, reciprocate with the bureau.

For a quarter of a century our emphasis has been almost exclusively upon Job No. 1.

We stressed it because it was the first logical step in building a sound credit and collection system. We stressed it because it was the most direct way of building and supporting the bureau—by creating a demand for the bureau's reporting services.

We must continue this emphasis. But we must begin now to give equal emphasis to Job No. 2.

And under General Manager-Treasurer Crowder's administration we have already begun!

What is a definite collection policy?

We have just begun lately to think seriously about collection policy. Of course, we have done a lot of thinking and acting in regard to such things as collection letters, collection stunts, charging interest on past-due accounts, and so forth.

But all of those things are not collection *policy*. They are just items of collection *procedure* which are supposed to be based upon some kind of a clear, well-thought-out collection policy.

What is a definite collection policy, then?

A collection policy is *definite* only when the store: (a) decides just exactly how many months charge customers may take to pay their bills; (b) suspends from further charge privileges all those who have not paid by the end of this period.

Such a definite policy is the *foundation* and indispensable basis for any sound collection system. On this foundation you can build up any procedure you wish out of collection letters, collection stunts, charging interest, and so on.

Just as, for example, you can build a house out of brick or stucco or wood. But you have to build it upon a very definite foundation if that house is going to be a sound house.

Houses turn out to be unsatisfactory when much thought is lavished upon the superstructure but little attention is given to the exact nature of the foundation. Collections turn out to be unsatisfactory when much thought is devoted to collection devices but no attention has been given to establishing a definite collection policy.

"Can I adopt a definite collection policy in my store?"

As I said before, we have just begun to get down to "brass-tack" thinking upon the subject of definiteness in collection policy during the past couple of years.

So we must expect to hear the objection at this point: "I couldn't adopt any such definite collection policy in my store; every account must be treated individually."

That is what I thought, too. But I found out that I was mistaken. That is, I had not quite understood correctly the proposition.

Through the courtesy of Mr. H. G. Godfrey, Credit Manager, J. L. Hudson Company, Detroit, I got in touch with the credit managers of several scores of the better retail stores. Some were big stores, some were small, but all were operating under intense competition.

The returns from my questionnaire are not complete but of those who have already replied, nine out of ten have a definite collection policy. (This doesn't mean, of course, nine-tenths of all the stores in the country, for only the better stores were surveyed.) That is to say: (a) they have decided just how many months charge customers may take to pay their bills; (b) they suspend from further charge privileges those customers who have not paid their bills at the end of this period (although exceptions are made, of course).

The collection policies of these stores are not all exactly alike. They are different, but they are definite.

For example, nine stores in seven cities suspend from further charge privileges those accounts that are not paid at the end of sixty days; thirteen more stores suspend at the end of 90 days; seven others suspend at 120 days. Many stores which follow a general policy of suspending slow accounts were not covered in my survey. For example, the 27 leading stores in Cincinnati have a *community credit control policy* of suspending in 120 days and the eleven leading downtown stores in Detroit suspend in 60—90 days *under a community policy*.

Some stores say that they do not have a general policy of suspending slow accounts but "treat each account individually." However, they are really following what might be called a "two-class" or "three-class" suspension policy in collections. That is to say, they divide all of their accounts into two or three classes, assign a definite credit period to each class, and suspend accounts in each class from further charge privileges if bills are not paid in the period assigned.

Thus, one store has a "three-class" policy of 30—60—90 days. The first class (new accounts and "poor" accounts) are suspended in 30 days; the second ("average" customers) are suspended in 60 days; the third class (the "blue-bloods") are suspended in 90 days from further charge purchases if their bills are unpaid. Another store has a three-class policy of 30—75—120 days; still another has a policy of 60—90—120 days; and two have a policy of 1—3—6 months.

Examples of the "two-class" policy are: one store which suspends "average" accounts in 120 days and "blue-bloods" in six months, and two stores which suspend in 90—120 days.

Now, these policies differ, and some of them certainly allow too much time, but at least the policies are *definite*. After a quarter of a century of thinking almost solely about Job No. 1 (extending the credit), these stores have been doing some thinking upon Job No. 2 (getting the money in).

They have begun to get down to brass tacks and ask themselves just exactly what their collection policy is anyway. They have got down out of the clouds and the haziness which too often surround collections and have put their feet on the ground. They have drawn the line.

The next step: Job No. 2

That line must be drawn and then enforced. No store which fails to do these two things can pretend to have a definite collection policy. *And any store can draw the line and get the benefits of a definite collection policy.*

In fact, it already exists in a hazy sort of way in the minds of the store owner and the credit manager—even in stores characterized by lax collections. This is to be seen in the uneasiness and irritability manifested by the owner or credit man when a past-due account reaches a certain age. This age may be three months or it may be four, five or six months, but at some point even the most lax store owner or credit man begins to feel somewhat squeamish about allowing further charge purchases upon an unpaid account.

Just a little thinking by the proprietor and credit man-

ager would enable them to make this line definite instead of vague and uneasy as at present. This is our next step in credit management, and it is our first step in putting Job No. 2, or "getting the money in," on a sound basis.

I mean, that *each and every store owner and credit manager should be educated to realize the fact that he should decide just exactly how long his longest credit period should be, and that he should enforce this decision by suspending accounts not paid within the limit.*

It is not a question here of just where the line should be drawn. Many retailers are so lax in their collections that if they drew the line at six months they would be making a wonderful advance in their collection policy—and their profits.

Personally, I think that it is evident that in such lines as groceries, drugs, soda fountains, meats, gasoline, etc., where the goods are consumed immediately, there is no moral or economic reason for allowing the customer who has not paid within 30 days to make further charge purchases until he settles his past-due account.

In other lines, like department stores, perhaps a period for regular charge accounts as long as 60 days, with suspension of charge privileges on accounts two months past due, might be defended.

But that is not the question here. The point here is that every store should get on a definite collection policy by drawing a line *somewhere*. A person opposing this proposition would take the ridiculous position that I could owe him a past-due balance of \$50 for one, two or five years and that he would still let me make further charge purchases without paying my bill.

In short, the line must be drawn somewhere. The trouble is that today most retailers are drawing the line in a hazy manner and drawing it too long after the date of purchase. All of us are aware of that.

A store does not have to be big to have a definite collection policy. In fact, I find that a few of the big and well-known stores reporting in the questionnaire will let you and me keep on charging merchandise for six months or more without paying a cent. They admit that they have no definite collection policy whatever. They don't have to go along without such a policy, but they just haven't thought about the matter.

On the other hand, I find little independent grocery stores, facing chain competition, which refuse to allow further charge purchases if bills are not paid within one month. It isn't a case of bigness or smallness; it's just a case of thinking about it or not thinking about it.

Here, I believe, is one of the big jobs to be done in credit education. During the last quarter of a century we have tried to educate the store owner and credit manager to see the necessity of a definite *credit* policy. During the next quarter of a century we ought to try to educate the owner and the credit man to become aware of the necessity of a definite *collection* policy.

Here is a great opportunity for the National Retail Credit Association, and all other institutions interested in a sounder retail credit system, to get behind a campaign of education on the evils of slow charge accounts and the necessity for a definite collection policy characterized by temporarily suspending slow-pay customers.



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It isn't always easy for the executive officers of a Morris Plan institution to know personally all the credit men they ought to know. Their interests are mutual, as scores of successful working relationships show. But you and they are busy people.

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could be worked out—is that any reason for passing up future opportunities to make money together?

This is our way of meeting you half way. If you will phone or write to your local Morris Plan institution, we will go the other half and send a responsible executive over to see you.



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Why Public Utilities Should Belong To Retail Credit Associations

By G. A. MARBACH

Credit Manager, City of San Antonio Water Board, San Antonio, Tex.

THE purposes of a retail credit association and credit bureau in a community are: 1. To promote and protect the best interests (*especially in credit*) of the retail trade in all lines. 2. To acquire, preserve and disseminate valuable business information. 3. To promote the interests of trade, increase the facilities of commercial transactions and to build good will and a better understanding between buyer and seller.

Knowing all of these will benefit any public utility, then certainly there is no good reason why each public utility should not belong to its local retail credit association, the local credit bureau, and the National Retail Credit Association.

It is a civic duty, if nothing else, to cooperate with the merchants of your city to help them educate the people to pay their just and honest debts. Then, too, one can never learn too much about the habits and character of the consumer.

When we say this, we speak from experience, as we have belonged to the San Antonio Retail Credit Bureau and the San Antonio Retail Credit Association since 1911; also the National Retail Credit Association and the Associated Retail Credit Men of Texas since 1916. Although for several years we did not make use of the service of these organizations, other than to locate "skips," we did cooperate with the merchants by keeping up our membership in their associations.

During the time that we made only this limited use of the services offered, our loss was about $\frac{1}{2}$ of 1 per cent on an average annual income of one million dollars. Although this loss was comparatively small, in 1932 we decided to make an analysis of our losses due to bad debts and found that most of them occurred on account of our not being posted sufficiently to protect ourselves against the habitual deadbeat, who would not pay anyone else. We felt that there was no reason for taking a loss by reason of the unworthy credit risk.

In that same year, we put a credit system into effect whereby we offered every applicant for service the privilege of applying for credit in order to be relieved of making a deposit sufficient to protect the account. In this way we immediately brought to the mind of the applicant the fact that we were extending credit and most applicants who knew that their credit records were not satisfactory were willing to make the deposit.

Prior to that time, very few consumers had regarded our Collection Department as a *credit granting* department, and those not informed probably had the idea that all that we had to do was to discontinue a consumer's service in order to collect the account. This was perhaps true in the case of the continuous or active consumer;

nevertheless, in many instances, when a consumer no longer needed our service (by reason of vacating the premises), he left, owing a delinquent account, not protected by a deposit, which in some cases covered the service for several months. This account then had to be followed up in the same manner as any other merchant's account, especially if the consumer moved out of the city, to a hotel, apartment, or to premises where the water was furnished by the owner or agent.

The utilities serving gas and electricity and the telephone companies have availed themselves of the services of credit bureaus for many years; yet those companies or systems supplying water have been slow to use credit service. The reason for this is difficult to understand but perhaps they needed someone to demonstrate the advantages and to show the way and we think that the record of our experience should accomplish that purpose.

The hard-boiled method adopted by some water organizations whereby every applicant for service is forced to make a deposit certainly does not tend to build up the consumer's good will and we feel that this good will is our best asset.

Furthermore, the uniform deposit collected by some water systems *does not adequately protect the account* and it is our idea that an account should either be properly protected by a deposit or through the assurance of payment by reason of the consumer's good credit rating.

In some cities, New York for instance, where the water systems are owned and operated by the city, the water charge becomes a lien on the property the same as any other tax. In such cities but little opportunity is extended to the consumer and severe penalties are added for nonpayment; in fact, the property could finally be sold to satisfy the water charges.

In Texas, however, a water charge does not constitute a lien upon the property; wherever it is held to be such it is done contrary to our laws. So, this places the water business in the same class as any other commercial concern in the matter of extending credit. On the other hand, why should we not collect from the man who received the benefits of the service instead of trying to hold the subsequent owner or consumer for the bills due by the previous consumer?

It is our belief that we are really the pioneers in the matter of adopting a credit system, and operating our Collection Department on a strictly credit basis, in the water business. We feel further that we have been justified in this direction by the splendid results obtained, as shown at the top of the next page:



YEAR	TOTAL CHARGE	Loss
1933	\$1,098,357.68	.0040
1934	\$1,096,694.24	.0016
1935	\$ 956,533.87	.0004

From present indications our percentage of loss for 1936 will be even less than that of 1935. (The decrease in the charge for 1935 was due to an excess of rainfall during the spring and summer and not to any falling off of charge customers as might be the case with some mercantile concerns.) In addition to reducing our bad debt losses to practically nothing, we are also saving the interest on unnecessary deposits and this saving tends to offset the cost of getting credit reports.

Our policy of relieving consumers who have good credit records from making deposits and of permitting consumers who do not have good records to make their deposits in monthly installments, to suit their circumstances, has built good will. This is especially true with the rental agents and landlords, as it relieves them of having to apply for water service in their name, as well as much unnecessary bookkeeping.

Knowing that a good credit rating is an indication of good character often assists us in the adjustment of consumers' complaints on high bills, leakage, etc. We find that a consumer who has a good credit rating seldom makes a complaint which he does not conscientiously feel that he is justified in making and, in such cases, we do our utmost to please.

We find also that consumers in this class seldom fail to give us notice promptly of their intentions to vacate the premises they occupy and they pay their final bills promptly. On the other hand, consumers who do not have good credit ratings are likely to be careless in closing their accounts, unless protected by deposits, and in cases where their accounts are not so protected we are assisted materially by referring these accounts to the Retail Merchants Credit Bureau. In many instances, these consumers are convinced that it is essential to be more careful about their obligations in order to improve their credit record.

We make monthly "charge-offs" on all final or "inactive" charges that are one year old and we give a record of these to the Retail Merchants Credit Bureau, which is watchful of our interests and assists us in collecting the charges when inquiries are made with reference to the credit ratings of these persons indebted to us.

The Credit Bureau keeps us informed of any new information they have regarding these debtors, especially with reference to their new addresses, so that we may follow up the collection of the account directly. From this information, furnished by the Credit Bureau, we occasionally find that a customer has moved to a new address and opened an account with us under the name of some other member of the family or some friend—in order to avoid the payment of his previous bills due us.

The Bureau is benefited by our membership in getting new addresses on all parties who apply for credit with us. This up-to-the-minute information is of great help to the merchants of the city.

The weekly meetings of the Credit Men's Association enable us to obtain much valuable information concerning the people with whom we deal, as well as to make the

acquaintance of other credit granters. *We not only profit by their experience but give them the advantage of ours.*

This cooperation is extended in such a way as to assist us in the collection of any account due from an employee of any firm belonging to the association. We seldom fail to make such collections promptly after calling the account to the attention of the firm's credit man.

It is our opinion that there are benefits to be derived from attending credit conventions and especially by joining in the utility group conferences. For we get new ideas as well as the enjoyment of a broader field of credit fellowship.

All that I have said about membership in local credit associations and credit bureaus applies with equal force to membership in the National Retail Credit Association. For the National Association acts as a balance wheel, fostering and coordinating the various local units into a powerful nation-wide organization. Just as the local unit acts as a fountain of local credit information, the National Association is a clearing house for national information.

Through the columns of The CREDIT WORLD, it presents the national picture, bringing monthly the current trends in credit thought, new ideas and new methods. Knowing how a certain credit problem is being solved in California or New York, for instance, often helps me to arrive at the proper solution in Texas.

Likewise, at the National Conventions of the National Association, members from every part of the United States (and Canada) may meet and compare notes and exchange ideas.

This is especially true of the Group Meetings, where the members of specific lines meet for discussion of mutual problems; and the Public Utility Group, by the way, is one of the largest and most active in the Association. At the Omaha Convention, last June, attendance at the meetings of this group approximated fifty—from over twenty states!

I repeat: Every public utility can profit by maintaining membership in its local credit association, the local credit bureau, and the National Retail Credit Association—and profit still more by taking an active interest in all three.

We are justly proud of our credit system and anyone desiring to know more about it will find us ready and willing to give information more in detail; or better still, why not drop in to see us while on your visit to the Alamo City during the Centennial year?

Oakland Appointments

Fred L. Train succeeds the late Colonel W. H. Winters as Assistant Manager of the Retailers Credit Association of Alameda County, Inc., Oakland, Calif. This is the bureau organization, which is affiliated with the Retailers Credit Association of San Francisco.

A. C. Storer, Adjustment Department Manager of the above organization, has been elected Secretary of the Associated Retail Credit Granters of Alameda County, Oakland.

Harnessed Credit a Good Servant

(The British View of "Controlled Credit")

By J. CAMERON

Reprinted from Commercial Review, London

THE granting of credit in business works either to bless or curse, according to the judgment and care used in giving such credit. The difference between the intelligent use of credit and the wasteful use of credit is the difference between a river which is harnessed between its two banks and used to turn the water mill or provide by its force electricity to light towns, and a river whose banks are undefined and whose waters overflow

"A Shilling in London-- A Quarter Here!"

Although our English friends in the retail credit field use a phraseology somewhat different from ours, their meaning is just the same!

In this article, for instance, "traveler" is comparable to our traveling salesman—"harnessed credit" to our "controlled credit"—but the author leaves no doubt in the reader's mind as to who is to blame for "bad debts"!

haphazard over the countryside, doing untold damage. Credit, like the river, can be used for creative purposes if properly used and harnessed, but is more than harmful if it is allowed to spread haphazard, and it is this theme which I desire to discuss in this article.

Credit Managers have one mental temptation, and that is to forget that, speaking of people as a whole, they are fundamentally honest. If this statement were untrue, then we certainly could not either hope to increase our credit trading or even continue to trade on credit at all. Banking and Finance are based upon this assumption of honesty, and it was the hurt done to this "confidence" which has made several City cases during the past few years so serious in their consequences.

The average purchaser fully intends to pay his account, and, were this not so, business could not survive. The creditman who has to pick out the exceptions from this rule sometimes becomes so suspiciously-minded that he never really feels confidence in anybody, and thus loses a right sense of proportion in his decision.

We have, therefore, commenced our considerations by establishing as an agreed principle that people are fundamentally honest. The question at once arises: "If people are generally honest, how comes it that there are such large debt losses and why is such strict credit supervision necessary? Surely, all the bad debts do not come from the exceptions to our rule of honesty, for, if so, there must be a very large minority in this class?"

The answer lies within a square formed by the following four lines: (1) Over-purchase, or to express the matter another way, wrongful credit extension. (2) Illness, unemployment, unexpected financial loss. (3) Mistaken purchase or incompetency. (4) The dishonest. Let us examine each of these four lines.

As to wrongful credit extension, which description I prefer to over-purchase, for the reason that one hints at blame to the supplier and the other suggests blame to the customer:

I lean towards the view that, as the credit manager is responsible for granting credit, he should not blame the customer so much as he should blame himself if over-purchases are made. The credit manager exists for the purpose of seeing that credit shall be given freely up to the limits of a customer's capacity, but not beyond. If credit is given where it should not have been extended, a part at least of the blame attaches to the credit granter.

So often, over-purchasing is allowed because of the desire to increase the sales output. Then there is the fear that the customer will go to a competitor if the credit is not granted, and these considerations confuse the issue and undue risk is taken.

Then there is another side to this credit extension question. Many firms to-day seem determined, if one can judge by their advertisements, to convince the general public that credit costs nothing and is available to anyone for the asking. "Buy your goods to-day and have a month's use before you pay anything." "We charge nothing for credit." "No enquiries, no deposit; we trust our customers" and slogans of that sort are, in your present writer's opinion, very harmful.

This not only encourages people not used to the credit facilities to buy more than they can afford to pay for, but, more serious still, it destroys the fundamental basis of

"Quotes—"

"Many firms today seem determined, if one can judge by their advertisements, to convince the general public that credit costs nothing and is available to anyone for the asking."

"One of the needs of this generation is for the trader [merchant] and the manufacturer to undertake an educational campaign to enlighten public opinion upon the precious character of credit."

"We do not require Guessing Managers—we want Credit Managers, for the granting of credit is as important as the buying of your stock."

credit, which is confidence based upon previous experience and history. You are a reckless sort of person if you trust people (regarding whom you know nothing) with the care of your money. Trust can only come from knowledge and experience and rather than advertise "credit costs nothing—anyone can have it" we should make it clear that credit is a valuable thing, and only those who can be trusted are given credit.

Some of our readers may say, "Are you not contradicting your previous statement, for if the vast majority is honest, why should not the vast majority have credit without fuss?" This question jumps me from line 1 to line 3, which I have described as mistaken purchase or incompetency. The first essential of a man employed on precious stones or metal may be honesty, but unless he can be trusted to work aright his honest character will not save his employer from loss. *The same applies to the customer.*

The honest fool who has no ability to work out his financial position, or the honest but incapable man whose business goes smash through his inability, causes the suppliers just as much loss, if their account is not paid, as they would have suffered if the debtor had been a dishonest scamp. Thus, while honesty may be the common virtue, as we ourselves believe, this of itself does not mean that credit may be freely granted without some additional knowledge of the person's character and abilities.

To take another example: A really efficient salesman can often persuade a customer to order, even although in cold blood the customer would know that the goods were not what he required. Your present writer came across a

case the other day where a small trader had got himself into serious financial difficulty simply because he had allowed himself to dream visions of a big and speedy sale of a certain new commodity as a result of the eloquence of an able salesman whose only care was to sell and "sell big."

One of the needs of this generation is for the trader and the manufacturer to undertake an educational campaign to enlighten public opinion upon the precious character of credit.

We do not require Guessing Managers—we want Credit Managers, for the granting of credit is as important as the buying of your stock. We should smile if a merchant, speaking of certain material which had turned out badly, said, "Well, I thought from what the traveller said the cloth was the quality I wanted, but when I took delivery of the goods, I found he had misled me." We should say, "Well, my dear ass, why not take the trouble to find out first?" It is like that with credit granting—surely we can take the trouble to find out first and not rely upon the impression we gain from a customer.

This "finding out first" prevents one's getting into the hands of the last class in our list, the dishonest.

Edmund D. Voorhees Dies

Edmund Dey Voorhees, Secretary-Treasurer of H. M. Voorhees and Bro., Trenton, N. J., died at his home September 26, as the result of a stroke. He was apparently in good health during the day, having been in his office until shortly before closing time.

In addition to his activities in the store organization, he was a director of one of the local banks, and of the Mercer Hospital, and was a member of the Board of Governors of Rider College.

Surviving him are his wife, two sons, and two brothers.

Personals

Sidney L. Williams, Assistant Credit Manager at James McCutcheon & Co., New York City, is now Credit Manager, succeeding the late James Waterford.

Frank M. Mayfield, President of Scruggs-Vandervoort-Barney Dry Goods Co., Saint Louis, was recently reelected President of the Cavendish Trading Corporation.

Hugh McManus is the new Credit Manager of Hart Furniture Co., Dallas, Texas, succeeding C. W. Fields, who has joined the Askins Credit Clothing Co., of Dallas.

C. Elmo Dygert, recently with the Lansing Credit Exchange, has been named Credit Manager of F. N. Arbaugh Co., Lansing, Mich., succeeding Mrs. Mary Brake, who resigned.

Congratulations to the First "100% National" Credit Women's Club

MISS MARION O. BROOKS, PRESIDENT MILLER'S BATON ROUGE, LA.	MAURICE FRANK, 1ST VICE-PRES. LAWLER COMPANY LAKE CHARLES, LA.	W. G. REINHIMER, 2ND VICE-PRES. LOUISIANA OIL REFINING COMPANY SHREVEPORT, LA.	ABNER W. CAUSER, SEC. TREAS. I. M. CLARK & COMPANY BATON ROUGE, LA.
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DIRECTORS	DIRECTORS
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HUBERT FIELDER D. H. HOLMES CO. NEW ORLEANS, LA.	F. A. CUTTER HARPER CR. NEW & ANGUS NEW ORLEANS, LA.	M. J. PISCATOR PROGRESSIVE CO., INC. NEW ORLEANS, LA.
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LOUISIANA RETAIL CREDIT ASSOCIATION

For the Promotion of Retail Credits

344 THIRD STREET
BATON ROUGE, LA.

BABY DAVIS THE PALACE BATON ROUGE, LA.	L. V. HARRIS LAKE CHARLES CR. EXCHANGE LAKE CHARLES, LA.
--	--

August 30, 1936.

Mr. L. S. Crowder
National Retail Credit Assn.
1218 Olive Street
St. Louis, Missouri.

Dear Mr. Crowder:

Some things give me more pleasure than others.

It is with a great deal of pleasure that I enclose a membership list of the Credit Women's Club of Baton Rouge, also a check covering the first quarter's Associate Membership dues in the National Retail Credit Association. This makes our club 100% National!

I have been a member of the N.R.C.A. for thirteen years, and I know that each girl will derive great benefit from her membership in the organization.

Please see that The Credit World is mailed regularly, as I could not want anyone to miss a single copy.

Yours very truly,
Marion O. Brooks
Marion O. Brooks.

MOB:S

August Trends--A Fast-Reading Review

...The barometer of retail business--a nation-wide cross section of facts and opinions on retail collections and credit sales for August, 1936, as compared with August, 1935, compiled by Research Division--National Retail Credit Association...

COLLECTIONS increased 6.7 per cent and credit sales increased 10.3 per cent for August above August, 1935. Increased employment and building activity; higher prices for farm products; and the spending of Government money were given as the reasons

High-Lights for August

- 51 Cities reporting.
14,991 Retail stores represented.
- COLLECTIONS**
- 43 Cities reported increases.
6.7% Was the average increase for all cities.
28.0% Was the greatest increase (Mount Clemens, Mich.).
2 Cities reported no change.
6 Cities reported decreases.
10.0% Was the greatest decrease (Charleston, S. C.).
- CREDIT SALES**
- 46 Cities reported increases.
10.3% Was the average increase for all cities.
40.0% Was the greatest increase (Neenah, Wis.).
2 Cities reported no change.
3 Cities reported decreases.
15.0% Was the greatest decrease (Charleston, S. C.).

for the increases. The excessive heat and drought, however, retarded collections and credit sales in some sections.

Augusta, Me., reported their collections and credit sales increased 5.0 per cent as a result of the tourist business. The tourist homes, hotels, restaurants, etc., are meeting their obligations better than last year. Many

property owners have taken advantage of the F.H.A. to improve their property and, as a result, the sale of lumber and building materials increased considerably over last year.

The shoe and diversified lines of industry in *Manchester, N. H.*, are showing a very steady trend. Business in general has gained steadily during the past few months.

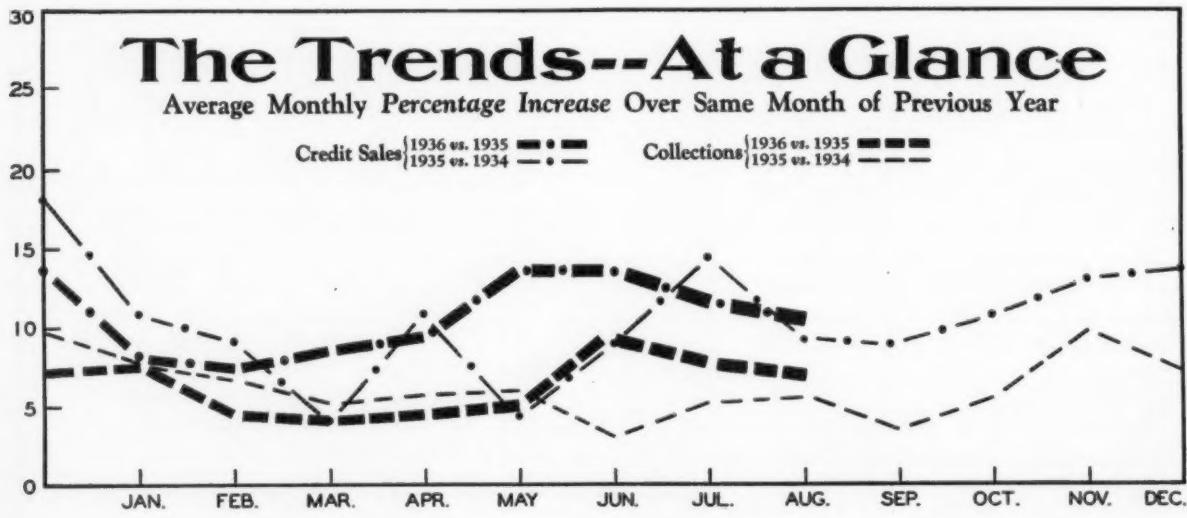
New York City reported a 0.2 per cent decrease and *Erie, Pa.*, a 0.5 per cent decrease in collections. . . . Business activity in *Pittsburgh, Pa.*, is 90.0 per cent of normal. An increase in employment resulted in the collection of many old accounts. At present, there is practically no unemployment in that city. The general improvement in business conditions resulted in a 9.0 per cent increase in collections and credit sales in *Uniontown, Pa.*

Collections and credit sales continue to increase in *Florida*. Collections increased 25.0 per cent in *Fort Lauderdale, Fla.*—the second highest percentage reported for collections. The merchants are selecting their credit customers more carefully than in the past. Sales of household equipment have increased due to an extensive building program.

Collections and credit sales in *Lexington, Ky.*, were only fair due to the excessive heat during August. . . . *St. Louis, Mo.*, reported their credit sales decreased 7.5 per cent during August, as a result of unusually warm weather.

Decatur, Ill., reported their collections increased 15.0 per cent due to improved farm conditions and an increase in employment. . . . Credit sales increased 26.4 per cent in *Evansville, Ind.*, due to increased industrial activity, P.W.A. projects, and fair crop conditions with better prices for farm products. . . . An increase in employment resulted in a 10.0 per cent increase in collections and 15.0 per cent increase in credit sales in *Muncie, Ind.*

The taking of inventory at the motor plants resulted



in a decrease of 1.0 per cent in collections in *Bay City, Mich.* . . . An improvement in general business conditions and employment, as well as the bonus payment resulted in a 28.0 per cent increase in collections for *Mount Clemens, Mich.* —the highest percentage in collections reported for August. At the same time, credit sales increased 24.0 per cent—the highest increases being noticed in household and building lines.

Collections increased 25.0 per cent in *Neenah, Wis.* A recent survey indicated employment 109 per cent of normal and wages 119 per cent of normal. People seem to have more confidence in prosperity returning. Feeling of instability has been lessened due to more steady employment and there are indications of steady work throughout the winter.

Extreme heat and drought affected collections and credit sales during August in all cities reporting from *Iowa* . . . An increase in employment conditions resulted in a 10.0 per cent increase in collections and credit sales in *Columbus, Neb.*

Spending of Government money stimulated collections and credit sales in *Las Cruces, N. M.* . . . Excellent prospects for good crops this fall were reported by *Roswell, N. M.* . . . Credit sales increased 12.1 per cent in *Tulsa, Okla.*, while collections were off 1.1 per cent during August.

Increased activity in oil and carbon black industries resulted in an increase of 9.0 per cent in collections and 8.0 per cent in credit sales in *Borger, Tex.* . . . *Breckenridge, Tex.*, reported: "More people are employed and are in a position to pay their bills."

Increased employment and additional pay rolls resulted in an increase in collections and credit sales in *Cheyenne, Wyo.* . . . *Vancouver, Wash.*, reported: "Farmers are getting better prices for their products. Employment has increased. More houses are being built and there is a better feeling generally."

Collections and credit sales were good in all cities reporting from *California*.

Collections in *Victoria, B. C.*, increased 10.0 per cent and credit sales 12.0 per cent as a result of the largest tourist business on record during the month of August. Tourist business also stimulated collections and credit sales in *London, Ont.*



Positions Wanted

RETAIL CREDIT MANAGER—ACCOUNTANT—Desires to make change. College graduate, age 31, married, Christian. Now employed and for the past ten years in charge of Credits and Collections and Accounting Department of a retail women's ready-to-wear store. Capable of taking full charge. Address Box 91, **CREDIT WORLD**.



CONTROLLER—CREDIT MANAGER—Long experience in department store work (volume approximately \$5,000,000). Capable of assuming complete charge of office. Highly successful record in building sales and maintaining satisfactory turnover in outstandings. Prefer South or Southwest but willing to go anywhere. Address Box 101, **CREDIT WORLD**.

Comparative Reports -- By Cities -- August, 1936, vs. August, 1935

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	+ 5.0	Fair	+ 5.0	7. Cedar Rapids, Ia.	Fair	+ 1.5	Slow	- 1.0
Worcester, Mass.	Fair	+ 2.0	Fair	+ 2.0	Davenport, Ia.	Good	+ 1.9	Good	+ ...
Manchester, N. H.	Fair	+ 5.0	Fair	+10.0	Sioux City, Ia.	Fair	No chg.	Fair	No chg.
Providence, R. I.	Slow	No chg.	Fair	+ 2.0	S. Paul, Minn.	Fair	+ 2.9	Fair	+ ...
Average	Fair	+ 3.0	Fair	+ 4.3	Columbus, Neb.	Fair	+10.0	Fair	+10.0
2. New York, N. Y.	Fair	- .2	Fair	+ ...	Average	Fair	+ 3.1	Fair	+ 3.0
Erie, Pa.	Good	- .5	Good	+13.2	8. Las Cruces, N. M.	Fair	+10.0	Fair	+10.0
Pittsburgh, Pa.	Good	+11.0	Good	+10.0	Roswell, N. M.	Good	+ ...	Good	+ ...
Reading, Pa.	Good	+ 5.0	Good	+ 5.0	Tulsa, Okla.	Fair	- 1.1	Good	+12.1
Uniontown, Pa.	Fair	+ 9.0	Fair	+ 9.0	Amarillo, Tex.	Good	+15.1	Good	+22.5
Average	Good	+ 4.9	Good	+ 9.3	Austin, Tex.	Fair	- 1.5	Good	+17.5
3. Charleston, W. Va.	Fair	+ 1.0	Good	+14.0	Borger, Tex.	Good	+ 9.0	Good	+ 8.0
4. Fort Lauderdale, Fla.	Good	+25.0	Good	+20.0	Breckenridge, Tex.	Fair	+ ...	Fair	+15.0
Jacksonville, Fla.	Good	+10.0	Good	+10.0	Fort Worth, Tex.	Good	+ 4.1	Good	+15.8
Jackson, Miss.	Fair	+ 5.0	Good	+15.0	Houston, Tex.	Good	+13.9	Good	+10.3
Charleston, S. C.	Slow	-10.0	Good	-15.0	Average	Good	+ 7.1	Good	+13.9
Average	Fair	+ 7.5	Good	+ 7.5	9. Salt Lake City, Utah	Good	+ 1.5	Good	+ 1.5
5. Lexington, Ky.	Fair	+ ...	Fair	+ ...	Cheyenne, Wyo.	Good	+10.0	Good	+15.0
St. Louis, Mo.	Good	+ 1.0	Fair	- 7.5	Torrington, Wyo.	Good	+10.0	Good	+15.0
Average	Good	+ .5	Fair	- 3.7	Average	Good	+ 7.2	Good	+10.5
6. Decatur, Ill.	Good	+15.0	Good	+14.5	10. Vancouver, Wash.	Good	+25.0	Good	+21.0
Joliet, Ill.	Fair	+ ...	Fair	+ ...	11. San Diego, Calif.	Good	+17.0	Fair	+10.0
Evansville, Ind.	Good	+ 2.0	Fair	+26.4	San Francisco and	Good	+ 1.0	Good	+11.0
Muncie, Ind.	Good	+10.0	Good	+15.0	Oakland, Calif.	Good	+ 5.0	Fair	+ 3.0
Bay City, Mich.	Fair	- 1.0	Fair	No chg.	Santa Barbara, Calif.	Good	+ 7.3	Fair	+ 8.0
Detroit, Mich.	Good	+ 5.5	Good	+10.2	Average	Good	+10.0	Good	+12.0
Grand Rapids, Mich.	Good	+ 2.0	Good	+10.0	12. Victoria, B. C.	Good	+10.0	Good	+12.0
Mount Clemens, Mich.	Good	+28.0	Good	+24.0	London, Ont.	Good	+ ...	Good	+ ...
Cincinnati, Ohio	Good	+ 8.7	Fair	+ .5	Average	Good	+10.0	Good	+12.0
Toledo, Ohio	Good	+ 8.0	Good	+10.0					
Neenah, Wis.	Good	+25.0	Good	+40.0					
Average	Good	+10.4	Good	+15.1					

CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

FOR several months past, this department's letter examples have been, in the majority, collection letters. This month, for a change, we have several good "credit sales" letters.

And this is appropriate, for October is one of the peak sales months in the retail field. It's a time to go after sales—to solicit new customers and to try to bring back old ones who have drifted away.

After a long summer of lethargy, spent in discussion of the all-absorbing topic of unusual heat and its accompanying discomforts, people have suddenly awakened to the realization of Fall and Winter needs. The buying urge is here, ready for you to make the most of it.

Also, there are many other items in your favor. Your store is probably looking its best right now, with new stocks, new styles, and all the usual run of "Autumn sales" as magnets to draw the attention of the buying public.

As Manager of Credit Sales, it is up to you to justify your title by capitalizing this opportunity to *build credit sales*.

Whatever your line of business, you have some merchandise which will probably fit in with Fall and Winter needs. Build your letters around such items, and then—mail them to picked lists of people who are good prospects for such merchandise *as well as good credit risks*.

If you haven't got such lists, start building them *now*, for the list is the starting point of any successful direct mail promotion.

How can you build them? By "digging" for them. If you sell home furnishings, for instance, you can obtain certified lists of home owners. These can be checked with your credit bureau so that you can *solicit only those accounts you want*. Then you will have a picked list of prospects for anything from furniture to fuel!

This idea can be applied to any type of merchandise or any group. Another fruitful source of prospect names is the newspaper: News items, marriage notices, birth notices, new arrivals—all these give you leads for special letters.

And speaking of new arrivals, look at the Forman letter (*Figure 2*) and its accompanying application card (*Figure 3*). Don't you agree that this letter, sent by Leonard Berry to every new family which comes into Rochester, is bound to bring in a goodly number of new accounts?

Seasonable, also, is the "circular" letter used by the Fuel Department of Hudson's Bay Company

(see *Figure 1*). This is a good letter and should prove as effective as it is novel.

An unusually effective letter idea is the one in *Figure 4*, embodying the "credit card" plan of the Hotels Statler. This card is not only recognized by each of the Hotels Statler, in Statler cities, but it also acts as ready identification—an "open sesame"—at other hotels, and in many of the retail stores of the country. Thus, it becomes one of the prized possessions of the holder—a Statler goodwill builder.

The Statler people tell us that it has been most effective—not only in bringing in new business but also in building repeat business.

Figure 5 is a sales letter which, with an accompanying brochure, was mailed to a large list of customers and prospects in September. If you use it (and you *can* adapt it to your business) mention credit facilities.

(*Note:* The cooperation of readers—in sending in good letters for reproduction—has been most helpful and it is gratefully appreciated. Contributions are invited from everyone. There is only one requirement to "make" this page: A *good letter*.)

Credit Sales Promotion And Customer Control

A New Book—by Dean Ashby, Manager of Credit Sales, The M. L. Parker Co., Davenport, Iowa

THE author of this book, winner of the 1932 Retail Ledger Trophy (first prize for the best credit sales promotion plans), outlines the plans and practices which have made him a nationally known figure in credit circles.

He gives actual facts and figures of results obtained in building more business from active accounts through "customer control," in developing inactive accounts, in soliciting new accounts. And he gives, in each case, *the actual letters used*.

It's not a textbook—it's a *whole course* in Credit Sales Promotion.

Price: To Members, \$1.25

Nonmembers, \$1.75

ORDER FROM

National Retail Credit Association
1218 Olive St. Saint Louis



Hudson's Bay Company.

INCORPORATED 2nd MAY 1610

RETAIL STORE

WINNIPEG,
MANITOBA

YES, THIS IS A CIRCULAR LETTER

TO THANK OUR MANY FRIENDS AND CUSTOMERS WHOM WE WERE
PRIVILEGED TO SERVE DURING THE PAST FUEL SEASON!

Another fuel season will shortly be here and with it the necessity for making provision for an adequate supply of coal, coke or wood.

The fact that more and more people are buying their fuel at the "Bay" prompts us to hope that our fuel, our service, our credit terms and our guaranteed weights are proving entirely satisfactory to the citizens of greater Winnipeg.

We again look forward with pleasure to serving you regularly during the coming season.

Yours faithfully,
For the HUDSON'S BAY COMPANY,

G.W. Muddiman,
Manager - Fuel Department.

B FORMAN CO. I would like to act upon your invitation to open a charge account.
Yours truly,

(3)

Your signature as you want it registered for our records

NAME (Print in Full Please)
ADDRESS (Home)
(Business)
ACCOUNTS YOU ESTABLISHED

PERSONAL REFERENCES

I BANK WITH

HOTEL STATLER ST. LOUIS

RADISSON HOTEL
ROCHESTER
PENNSYLVANIA
DETROIT
HOTELS STATLER
NEW YORK
CLEVELAND
DETROIT
HOTEL BUFFALO-BUFFALO

WASHINGTON AVE. AT NINTH AND ST. CHARLES STS
TELEPHONE CENTRAL 4-600

ATTENTION OF
ADDRESS THE HOTEL

February 4, 1936

(4)

Dear Mr. Hannefin:

Here's Your 1936 Card



Here's What It Does

- Identifies you as a valued patron in seven Statler Hotels in six cities.
- Helps you get the accommodations you like (Show your card to the Room Clerk.)
- Makes it easy for you to cash your checks.
- Permits you to charge your room account, restaurant checks, etc.

Tear up your old card. Sign the new one and put it in your card case.

We thank you for your patronage and hope to have the pleasure of serving you frequently. Please let us know whenever we may be of service to you.

Cordially yours,

Ed. Hull
Manager

CSA:D

B FORMAN CO

CLINTON AVENUE SOUTH
ROCHESTER NEW YORK

(2)

It is with genuine sincerity that we say "Welcome to Rochester", and we have no doubt that you will find our community a pleasant one, with many features of merit of which the city is proud.

We would like this letter to exemplify the cordiality and friendliness which traditionally form part of the B. Forman Store personality and which have enhanced our reputation as "Specialists in Feminine Fashions", built up over a quarter century.

It is our desire to offer you a complete service and as an initial step we suggest the convenience of a Forman Charge Account. The ease and helpfulness of charging purchases is welcome not only when you are shopping yourself, but on those occasions when the competent aid of our Telephone Shopping Service is useful. The preliminary formalities to arranging an account are already accomplished, just the detail of your signature on the enclosed card is required, the card to be mailed to us in the envelope provided. Your account is ready for immediate use.

Yours very truly,

B. FORMAN COMPANY

Leonard Berry
Director of Accounts.

the kempner
AND BROS. INC.
SHOES HOSIERY
READY-TO-WEAR MILLINERY
MEN'S HABERDASHERY

Little Rock, Arkansas

September, 1936

(5)

ENTIRE STORE COMPLETELY AIR CONDITIONED FOR YOUR COMFORT

Dear Mrs. Hannefin:

The keen discernment of discriminating patrons like you has been of untold value to us in building and maintaining a reputation for STYLE LEADERSHIP IN FOOTWEAR OF QUALITY. Encouraged by your support and patronage, we now plan to render even greater assistance to our patrons than we have before attempted.

The now Ready to Wear, Millinery, Bag, and Hosiery Departments are yours, here to facilitate your coordinated selection of a correctly styled and harmonizing wardrobe for Fall -- with merchandise carefully selected in the Eastern markets by a staff of fashion experts, under the guidance of the highest Eastern authorities on styling.

Our Ready to Wear Department is anxious to serve you, whatever your need: A dress, suit, fur or cloth coat, or an evening gown. Our sales staff, thoroughly trained, will gladly assist you in choosing the correct accessories for each and every costume. If inconvenient for you to call, our mail order staff will gladly assist you -- just phone or write -- whichever is most convenient.

And say we assist you -- now -- in choosing your new Fall foot-wear! We have your correct size on record -- we know your personal preference. So, along with shoe style we can assure you foot comfort!

A few of our "footwear highlights" for Fall are shown in the brochures enclosed -- the "last word" in shoe fashions from I. Miller, Andrew Geller, and other makers of high repute. A few, we say, for new fashions are arriving almost daily!

May we have the pleasure of serving you -- real soon?

Sincerely yours,
D. M. Hannefin
President

P. S. Special Arch Preserver and Vitality booklets will be mailed you on request.



Ten Tested Tracing Tricks

(To Locate the Debtor Who Moves)

By DAVID MORANTZ

Manager, Morantz Mercantile Agency, Kansas City, Kansas; President of Kansas City, Kansas, Unit of National Retail Credit Association;
Author of "Proven Plans to Speed Collections" and "Timely Tips to Trim Office Overhead"

MR. C. A. CALDWELL, in his fine article in the March issue of The CREDIT WORLD on locating skips, brings out an especially valuable point when he says: "Do not ask the question, 'Where has Mr. Blank moved?' (when inquiring as to the whereabouts of a skip) but instead, 'Do you know Mr. Blank's telephone number?'"

The idea is to get the information without disclosing that you are trying to locate Mr. Blank in order to collect an account from him. Mr. Caldwell's is a very clever way of handling the inquiry, but it strikes me that the question he suggests would be most effectively used as a telephone inquiry. (Then again, the debtor may not have a telephone.)

In the case of a personal call at the address of a debtor, my collectors are instructed to ask in a courteous, businesslike manner: "Is Mr. Blank at home?" This is our standard approach whether debtor lives there or not. Then, to quote from my set of "Instructions to Collectors":

(6) If he still lives there and is not home, give the impression that your mission is important to him and that you should see him at once.

(7) If you act your part right, the place of employment or business address may be forthcoming. If it is not volunteered, tactfully ask where you might reach him right away. Give the impression that you cannot wait until he gets home from work.

(8) Or if he merely boards there, you might give the impression that you are a friend from his old home town and just wanted to look him up in the few hours you had in town between trains.

(9) If he doesn't live at the address, express surprise and ask where he has moved.

(10) If the occupant says he doesn't know, get the name of the landlord, agent or owner of the property and inquire of him.

(11) Ask if there is any family or person in the neighborhood with whom debtor or any member of the debtor's family was particularly friendly.

(22) If you find a person you think knows more than he cares to tell, you might give the impression that you want to reach the debtor to make an inquiry about a third party whom you are very anxious to reach.

(23) Never divulge to a stranger that you have a bill against the person you are trying to locate.

(24) It is sometimes wise to give the impression that it is important to the debtor that *he see you*.

The above are a few of the 35 "Instructions to Collectors" that I give to new men in training them for their job.

In my 23 years' experience of locating skips and collecting from them, one of my pet hobbies has been to dig up and develop new and different ways of tracking down the ubiquitous skip. Many of these ideas I have incorporated in the set of instructions referred to above.

Regardless of how many years' experience an applicant for the job of collector may claim to have had, I always insist upon going over this entire set of 35 instructions with him before sending him out on the job and never yet has one failed to admit that he found among them several new ideas and suggestions that had not occurred to him before.

Now let us consider briefly the important part the unobtrusive little newspaper death notice plays in locating the skip. This is a most fruitful source of information. In fact, I regard it of such importance that I have one girl in my office who is charged with the responsibility of clipping the column of death notices daily. These she pastes into a loose-leaf scrapbook and then goes to our files and looks up every name listed in such notices—not only the names of the deceased but of the surviving relatives as well.

Hardly a day passes but what we find from one to four listed therein, against whom we have accounts. This gives us live, up-to-the-minute information on every member of that debtor's family. It also gives us the names of the funeral director (sometimes the cemetery) and the minister who officiated at the services, as well as the names of the pallbearers who were, of course, close friends of the family. A veritable wealth of information! *And we have located hundreds of skips in this way.*

Then there are the birth notices, personals and news items in the newspapers to be watched.

Quite often a debtor will move, forgetting to notify you of his new address, and these sources of information have been of invaluable assistance in bringing our records up to date on good accounts as well as furnishing us with many new addresses on "skips."

Then there is the practice of looking through new telephone directories, and other kinds of lists and directories, as they come out. Many an old offender is found in that way!

One of the most unusual locations we ever made was during the recent chain letter craze. We had a debtor who had moved to parts unknown, leaving many unpaid accounts behind. He apparently forgot that there would be creditors inquiring for him among his erstwhile neighbors and friends and he sent a chain letter to a former neighbor.

(Continued on page 31.)

Retail Terms on Electrical Appliances

By H. N. BANKHEAD

Assistant Treasurer, General Electric Contracts Corporation, New York City

IN OPENING the discussion of the subject, "Selling Terms on Electrical Appliances," let us review briefly, and in general, the purpose and effect of extending long-term credit.

As credit men we must not lose sight of the fact that extended terms are for the purpose of increasing sales. Unless extended terms will help to make more profitable sales, there is no good reason for tying up money and taking any risk on this type of credit.

We are all more or less familiar with the experience in this country, over the past several years, which indicates very definitely that extension of terms to the retail purchasers of certain types of products will increase sales. When handled on a sound basis this increase can mean additional profit to the retailer.

Current sales of the manufacturer also are increased and, with the larger volume, manufacturing costs are reduced and this saving is ultimately passed on to the consumer in the form of lower prices. The development of the automobile industry through the aid of retail long-term credit is a well-known story.

The development of the market for electrical appliances has been similar in many respects. In 1926 there were 205,000 domestic refrigerators sold in this country; in 1934, 1,284,000; and in 1935, 1,567,000. In 1926 very few were sold on long-term credit, but in 1935 from 70 per cent to 80 per cent of the sales were on extended terms. There may be several reasons for the increased sales in 1935 over the previous year, but in most quarters more favorable credit terms are looked upon as an important factor in this 22 per cent increase.

Effect of Changing Market

Consider the changing market in which these sales are made. In developing the market for all types of electrical appliances, the first sales will, naturally, be made to a certain class of buyer, who can pay cash for the appliance, even though the price may be over \$1,000 as is the case with some oil furnace equipment. However, as the market becomes more saturated, sales must be made to customers in the lower income bracket.

It may be of interest to mention the estimated saturation of the market for some of these electrical appliances based on the number of wired homes. The following figures are given for the beginning of this year:

Type of Appliance	Per Cent
Cleaners	48.3
Heaters and Radiators	18.4
Ironing Machines	4.9
Oil Burners	4.6
Radios	71.5
Ranges	6.8
Refrigerators	34.2
Washing Machines	48.8

In extending the sales of major appliances still further, we must go, for the most part, to purchasers who cannot afford to pay cash and who, in many instances, must budget their expenses to a small monthly payment. They can enjoy the advantages of these modern appliances only if allowed to pay over a period of time in line with their monthly income.

Relation of Terms to Other Factors

In order to relate the matter of terms to the other factors for consideration in extending long-term credit, we can perhaps consider the credit under three headings.

FIRST: Credit of the customer—that is, the purchaser's moral reputation, paying habits, and the ability to pay for all his commitments. This analysis of the customer's credit cannot be made on the basis of his current net worth entirely but for the most part must depend on the customer's earnings and the stability of his monthly income.

SECOND: The security. This, of course, is a safeguard which protects the seller in case of changed conditions or the purchaser's inability to meet the payments. As security, it is usual that the sellers either retain title to the merchandise or hold a lien by which they can recover possession in case of default.

THIRD: The question of terms. Probably the most important factor in determining how far we should go in the matter of terms is what we might call "customer interest." It must be recognized that a sale is not completed until the merchandise is paid for. To complete a sale, therefore, we must interest the customer in buying the appliance and maintain his interest to the extent that he will pay in full. Many factors have an influence in creating or increasing this *customer interest*: The type, quality, desirability—really the utility of the merchandise itself—the way in which the sale is made, or the extent to which the customer is really sold—the financial interest the customer has in the transaction through the down payment.

During the summer months a customer will make every effort to pay for a refrigerator after it is delivered, since some form of refrigeration is necessary to avoid food spoilage. However, under financial stress the same customer purchasing a sun lamp might be more likely to return the lamp in which he had only a small investment—that is, provided he had purchased it as a luxury item rather than an absolute necessity for the health of someone in the family.

After the appliance is purchased and delivered, our problem is to maintain the purchaser's continuing interest. This will involve: service on the appliance to assure satisfactory performance; obsolescence of the equipment through ordinary depreciation or changes and im-

(Continued on page 20.)

Comparative Collection Percentages--A

6th Instalment

²Laundry
³Heating

3 Heating

**•Plumbing
•Lumber**

Lumber

⁶Paper and Paint
⁷Fuel

Fuel

⁸Cleaning and Dyeing
¹⁰Artists' Supplies

10 Artists' Supplies

11 Builders' S
12 Physician

13) politician

es--August, 1936, Versus August, 1935 =

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

11) Builders' Supplies
12) Politician

¹³Grocery
¹⁴Stationery, Office Supplies

¹⁵Florist
¹⁶Hardware

¹⁷Music
¹⁸Dairy

¹⁹Drugs
²⁰Sports Wear

23 Household Equipment

Peoria Association Capitalizes New Equipment Installation

CREDIT association and credit bureau executives too often overlook (or fail to recognize) the possibilities and the value of favorable newspaper publicity in acquainting the buying public with the operation of credit departments and credit bureaus (likewise, the functions of retail credit).

Credit associations, in the broad sense, are civic institutions, working in the interest of the retail customers as well as the stores of a community. Through their operation, and through the records of the credit bureau, credit is made instantly available to all worthy of it.

Yet how many customers in your community even know that there is a credit bureau? Or the "how" or the "why" of it? And if they knew that the local association has immediate access to the credit records which they themselves make—wouldn't they be more inclined to keep those records clear and in the "prompt pay" class? And wouldn't that improve credit sales and collection percentages for the whole community?

Then, why not let the public in on the secret? The newspapers always welcome "news" and this sort of information is news, if properly presented. And, remember, the newspaper readers of a community are also its retail customers. If that weren't so, the newspapers wouldn't be carrying the bulk of retail sales advertising!

H. F. Sehmer, Manager-Secretary of the Peoria (Ill.) Merchants' Association, recently installed a battery of Telautographs and SorterGrafs "to speed up our service to the highest degree." But he didn't stop there. He told Peoria about it! Or, rather, he enlisted the cooperation of the publishers of the *Peoria Star* and they told *Peoria and all of Peoria's trading area*—with a story and photographs of the installation occupying most of the front page of the "Feature Section" of the Sunday Edition!

It's a good story, too; so good that we are reproducing it here. Read it and—"go and do likewise."

Peoria Stores Will Improve Credit Reporting With Telautographs

The "Telautograph," fast, accurate, the very latest in communication systems, has come to the credit departments of leading Peoria stores through the installation of master equipment in the Peoria Merchants' Association offices, a credit clearing organization at 319 South Jefferson Street.

First official signals will flash over its wires Monday morning, following two weeks' intensive installation work by Chicago divisional engineers of the Telautograph Corporation of New York City. At that time, six stores will be "wired in," including the Block & Kuhl, Bergner, B. & M., Clarke, Cohen and Klein companies. More will be added later.

"We are enthusiastic about the possibilities of the Telautograph," says Herbert F. Sehmer, Manager of the Merchants' Association. "It will speed up our service to the highest degree and eliminate 99 per cent of possible errors.

"Through its service we can give credit reports to several stores by one transmission, where formerly a separate telephone call has been necessary to each store. Where we used to lose many hours waiting for answers and often made errors by voice, we shall now overcome those inefficiencies."

How It Works

Operation of the Telautograph is simple. The master board at the Merchants' Association required hiring of two new employees. In front of each girl, on desk level, is a steel plate, a bank of key switches, a "stylus," which operates upon the steel plate just like a pencil, and other equipment.

Before the operators, beyond the plate and key system, are six steel boxes, one for each store now on the system. At each store is one box, a duplicate of the box it connects with at the master board. In the front of each box, at the stores and main desk, is a glass. Under the glass passes a roll of paper, and an inked, steel pen rests in a small inkwell when the machine is silent.

Now—when the master board operator wants to send a message, she pushes whatever key connects the box at the front of her desk to another in the store to which she is transmitting.

Then she picks up her stylus—that steel pencil—and writes her message on the steel plate before her. Nothing appears on the plate, but electrical impulses cause the inked needle in the box before her to trace her handwriting on the paper passing under the glass in that box.

At the same time the same message is being duplicated in simultaneous lines on the machine at the receiving end. When she finishes that note, the master board operator tears off her copy, which automatically is ejected from the top of the machine, and files her report.

Down at the receiving end the same message is complete on paper emerging from that machine. There may or may not be an operator busy at the moment. If not, the messages continue to come on the receiving machine sheet and may be clipped whenever the store operator gets time.

That's not the end of this phenomenon by any means! The whole layout can be completely reversed, meaning that the store operator can send queries and messages to the master board by the same process. Her machine is equipped with one switch allowing her to use a similar stylus and steel plate to write notes to the Merchants' Association offices.

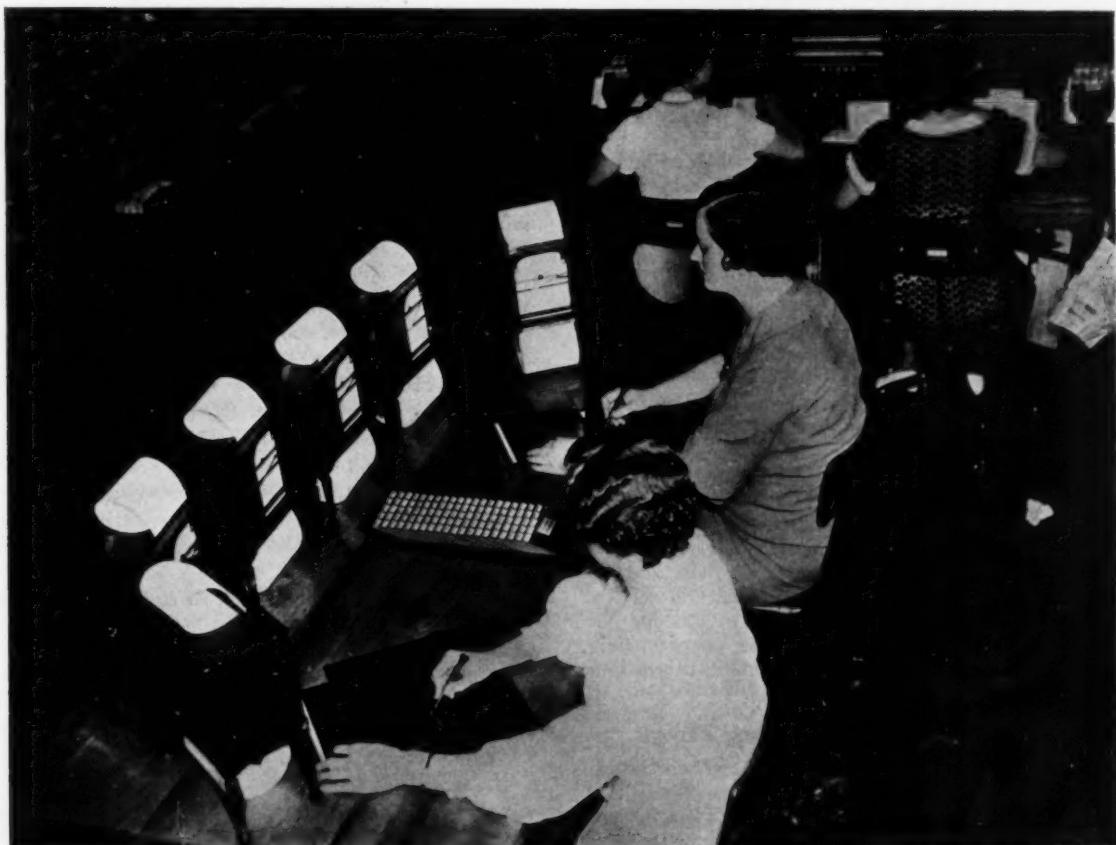
Should both operators try to send at the same time, a warning light appears on each board and the system automatically goes temporarily dead. Importance of the message then determines which operator may write first, and the system cuts back into service.

Here's another angle. Mr. Sehmer says between three and six stores are usually interested in the credit report of a prospective purchaser. That means coverage can be given in one message from the master board.

It is possible for the master board operator, by means of throwing one key forward for each store to get the report, to send but one message—which will appear in the sheets at those stores. Frequently a credit manager may find a report he wants before he asks for it.

Peoria Stores May Now Grant Credit Immediately!

**Because--They Secure Reports From
the Bureau With Telautographs!!**



Photograph Shows the Bureau System of the Peoria Installation

PLEASE NOTE each receiving station shown is connected to but one store, to receive and send messages. The pen on this receiver records the inquiries from that store without human aid. Thus, each operator may be writing to two stores while incoming messages are being received from the other four stores. Inquiries are delivered at the Bureau as rapidly as they are written by the stores.

NOISE IS CONSPICUOUS BY ITS ABSENCE. Confusion cannot exist. Repetition of names, addresses and amounts is never necessary and the time of one girl is saved each time a message is sent. Mistakes in transmission are impossible and when the human element fails, responsibility is definitely fixed by the indelible record at each end of the line.

Telautograph Rentals (Bureau and Six Stores) Total About \$5.00 Per Day!

(About 83c per day for each store)

33 Bureaus and 175 Stores Are Now Using This System!

(Note: Lima, Ohio, Bureau Has Just Ordered Telautographs Installed)

Ask for G. B. 36 and Send for Our Man Now! No Obligation--of Course

TELAUTOGRAPH CORPORATION

(45 BRANCH OFFICES IN U. S. A. AND CANADA)

Factory and General Offices: 16 West Sixty-First St., New York City

Stark drama not only can but does enter these systems, according to A. Fava, district manager in charge of the installation here. It comes, as it will undoubtedly come here frequently, when shoplifters, fraudulent and bad-check passers and other wolves of the retail store field are at work.

Suppose you, as credit manager for a store, should unwittingly approve a bad check; the "customer" is out of the store by the time you find his payment is no good. Naturally, you telephone a description to the police. But now, with your Telautograph, you also rush complete details to the Merchants' Association master board.

Always on duty at the master board, an operator gets your notes. Working swiftly, she uses one hand to ring a warning bell attached to all store machines, calling anyone within hearing distance to read the message at once. With her other hand she pushes the key at her right, swinging all store machines into line.

Before her one of the six master board duplicates of the store machines lights up to give her a copy of her message. Meanwhile, the "blanket" coverage is writing the same story out at the same time in each store. If your bad-check passer is "professional," he has hurried to another store to break another check before the police can catch him. His second check goes to the second store's credit manager for approval, and within minutes a store detective is calling the city police to come after him!

Peoria has the distinction of having the only machine of this type in use in credit bureaus located in cities of equal population. It is the most complete and latest of its kind now in operation in any credit bureau throughout the nation.

Such systems are not limited to use by credit bureaus, it is pointed out. They are being used for inter-office communications in metropolitan areas, operate between branches of larger businesses in similar locations, and are adaptable to all forms of local communication service.

There are 16 employees in the Peoria Merchants' Association offices. The Association serves approximately 400 customers now, giving them daily credit information of both local and national origin.

"SorterGraf" Eliminates Filing Errors

One more attraction has been added to the new installation at the bureau's offices. It is a "SorterGraf" system of filing (made by The SorterGraf Co., Detroit) and fits perfectly into the Telautograph efficiency methods.

A report "out of file" now remains "in file" regardless, when the new system is properly used. When one of the 16 members has a report, it is filed in her junior SorterGraf and a glance by any other employee in a master SorterGraf file shows at once where the report is at the moment.

Previously, a card out of file could be kept out of file for a whole day at a time. The new system already has eliminated four to six hours' work per day. It also offers a system of eliminating error, allowing half a dozen occasions when error may be caught, and according to its workings, simply cannot allow an error to go beyond the master board Telautograph operators when they send reports to various stores.

The entire system of Telautograph and its aiding SorterGraf is surprisingly simple. A girl can learn the use of either within a few minutes' time.

The "combination selective and collective arrangement" system now in use is naturally creating a flurry of excitement among the credit departments of Peoria concerns. All stores making use of the Telautograph look forward to a surprising increase in the volume and time saving of business the machine will make possible.

Retail Terms on Electrical Appliances

(Continued from page 15.)

provements in models; increasing the customer's financial interest through regular payments to build up his equity.

Many times, additional selling effort of the same type which secured the order will be helpful in keeping appliances sold. This might be accomplished in connection with collection effort. Not all companies are set up to properly handle collections on installment sales, yet it is a big factor in your final results. Many successful operators spend little money to check credits as they claim better results are obtained by spending money for good collectors.

What Are "Sound Selling Terms"?

In view of these many factors in determining what are sound selling terms, it is difficult to set a standard to be used without variation. When refrigerators were first sold on budget plan anything beyond twelve-month terms was usually considered unsound. As the electric refrigerator gained wider public acceptance, these maximums were gradually increased until now terms of from twenty-four to thirty months, and in some cases, thirty-six months are in general use.

Ranges are sold on much the same terms. Dish washers and water heaters are usually sold on maturities up to twenty-four months. Home laundry equipment, washers, ironers run from twelve months to twenty-four months, depending on the price range. Items such as vacuum cleaners, radios, sun lamps, mixer cabinet sets, and the like are quite generally held to the maximum of twelve months.

Under ordinary circumstances, we consider a down payment of 10 per cent highly desirable and only on special plans is a smaller down payment accepted.

In the final analysis, the experience on these various terms will indicate how far the credit man should go. By this, I mean your experience on collections as well as the percentage of repossessions to total sales.

An analysis of our experience shows that 70 per cent of all the repossessions are made before three installments have been paid, and 87.7 per cent of all repossessions are made before six installments have been paid. This indicates very definitely that the biggest risk is in the first few months of the contract.

I believe it is logical to conclude that many of these repossessions made in the first few months are due to faulty or incomplete selling jobs before delivery. Customers are urged to take the appliance, try it. In many cases, wild promises are made in order to push the sale. Such sales, of course, are expensive and, when the cost of repossession and reselling an appliance is figured against the first sale, the loss is substantial.

Also, we find repossessions are 54 per cent higher on what we call substandard terms than for sales made on terms we have set as standard in line with those previously mentioned, that is, 10 per cent down, twenty-four-month maximum on refrigerators or ranges and twelve-month maximum on vacuum cleaners, radios, sun lamps, etc. Our expense of collection will compare very much the same in the way of terms with our experience on repossessions.

(Continued on page 31.)

More Convention-Attendance Plans

IN THE September issue, we published the plans of Cleveland and Birmingham for increasing attendance (from those cities) at the National Convention. This month, we "follow through" with the methods used or contemplated by four other cities:

The Memphis Plan—Used Every Year

We have used several methods of getting up large delegations to National Conventions. The one that has produced best results, and one that we use every year, is that of having a committee of from three to five of our most influential members call on merchants and request them to send their credit managers to the Convention. Of course, we put forth the strongest arguments of which we can think as to why they should do so.

The committee usually consists of men who are going to the Convention, although we often have one or two on the committee who are not.

Another method that has produced good results was offering cash premiums for bringing in new members, the money to be used toward paying expenses to the Convention. The details were not always the same. That is, the amount paid for a new member has varied.

In fact the usual amount we pay is \$5.00 for a new member, but usually the membership worker is required to bring in at least ten new members in order to obtain the maximum amount. It is worked on a graduated scale, \$2.00 being offered for those who bring in one or two members, \$3.00 for five and so on.—G. A. LAWO, The John Gerber Co., Memphis, Tenn.

Minneapolis Has "Bonus" Plan

Regarding our plans for raising funds to defray the expenses of delegates to the National Convention, we have given bonuses each year for new members in the local Association.

In the past, these bonuses have been \$10 for each new member secured, *providing the seller attended the convention*. However, if he decided he could not attend, a five-dollar merchandise certificate drawn on any of the members of the Association, was given.

We allowed a bonus of \$15 for each new member at the time of the Rochester Convention, to the person who sold the membership, *if he attended the Convention*, and the five-dollar certificate if he did not. This is very liberal as our dues are only \$20 a year, which includes the membership, a plate at each one of our nine monthly dinners during the year, and the National membership of \$5.

Of course, one might say that this bonus eats up nearly all of the first year's dues, but we hope—and experience teaches us—that a very large portion of our members "stay," year after year. With this fact in mind, the \$15 bonus does not look so bad, after all.

We always pay the expenses of our President (to the Convention) as a reward for his service during the year.

There is one objection to the way we have handled this matter, and it should be kept in mind. We have paid the bonuses as soon as the contract has been signed. Naturally, there are some sold under high pressure who

do not stick. It is rather difficult, sometimes, to get the bonus back from the salesmen as they have already been at the Convention and spent the money, and returning the bonus does not seem easy. I believe a better plan would be to defer paying the bonus until the delegate has brought in the membership fee from the new member.—S. L. GILFILLAN, Secretary, Retail Credit Association of Minneapolis, Minneapolis, Minn.

Kansas City's Method

The Retail Credit Association of Kansas City has pursued a policy of assisting delegates, financially, to attend the National Retail Credit Association Conventions, for the past twelve years or longer.

Our Board of Directors are of the opinion that this policy is responsible for the general interest displayed in our local activities. *They feel that National Conventions supply delegates with inspiration for cooperative action in credits and collections.*

They realize that many of our member firms cannot always afford to pay the entire expense of sending their credit managers to Conventions, but if they are given some help from the Association, they are willing to give them the time away from their departments.

Our membership dues are \$15.00 per year, including the National dues. Other sources of revenue come from sale of our own Collection Letters, and the stickers and inserts of the National.

The Retail Credit Association maintains its own books and bank account. A few months prior to each Convention, the Directors decide how much of our finances we can afford to use in helping to defray expenses of delegates to the Convention. When this amount is determined, we then notify the membership. Delegates are usually those who have taken active interest in Association affairs in the past, but they are not limited to this group because we have found that Convention delegates always become Association boosters.

We set aside a fund of \$400.00 to pay delegates' registration fees, and cost of transportation to and from the Omaha Convention. We had eighteen delegates and would have had nearly as many more, if the soldiers' bonus hadn't been paid right at that time. We used only \$255.00 of this fund for the eighteen who attended, returning \$145.00 to the treasury.

From our years of experience in this connection, we recommend that all 100 per cent Associations consider a similar plan. *Our dividends, in better credit managers and Association-minded supporters, have more than repaid us.*—M. G. RILEY, Secretary-Treasurer, Retail Credit Association of Kansas City.

A Novel Idea—From Jacksonville, Fla.

In former years it had been the custom of our association to hold an annual banquet and dance, which usually cost us between \$175.00 and \$200.00 for entertainment, favors, etc. We had formerly charged those attending \$1.25 each to cover the cost of the dinner. This year we decided to dispense with the banquet and hold an annual

(Continued on page 25.)

Occupation—Its Importance In Granting Credit

By CHESTER JAMES ANTIAU

Professor of Finance and Director of the Bureau of Business Research,
Detroit Institute of Technology

IS THE occupation of the applicant an important factor in analyzing the credit risk? The credit men of Detroit have answered, "Decidedly, yes." Throughout the past five months the Bureau of Business Research of Detroit Institute of Technology has been conducting a survey among the credit men of Detroit.

Approximately one hundred and twenty retail credit granters cooperated in the study which pertained exclusively to the importance of occupation in extending credit to the retail trade. Ninety-six per cent of the replies contained the answer, "Yes, an applicant's occupation is a large factor in granting credit." Of these, most have filled in the occupation rating list which is here enclosed.

The occupations important in Detroit (and likely also in your city) were rated on a scale from one to one hundred. The figures shown opposite are all simple averages. There was comparatively little "askewness" from average considering that replies came from credit men in widely divergent lines.

The groups with high ratings, it may be noted, possess: (1) a high sense of contractual honesty, such as the office clerks, teachers, and accountants; (2) permanent employment, such as mail carriers, nurses, and municipal employees; or (3) "protected pay rolls" as exemplified by rail employees. Add to the above the element of known, stable income and the first groups may well be rated highly.

In contrast, the lower occupational ratings were given to groups with low income, such as drug store employees, or those having only seasonal employment, such as farmers and painters and decorators.

Doctors and dentists have been ranked quite low, probably because their income has been seriously decreased during the depression, added to which is the fact that people have been apt to forget these professional men even though their fortunes may have been bettered. It is interesting to note that the Wayne County Medical Society has recently enrolled all of its members with the Merchants Credit Bureau of Detroit. This will undoubtedly prevent the doctors of Detroit from remaining unpaid while ex-patients purchase clothes, autos, homes, etc.

In their replies, four credit men were emphatic in their belief that occupation was *the* factor in granting credit; all averring that not only could Capacity be determined by one's occupation but even Capital and, yes, Character. The latter occasioned a prompt rebuttal from a clergyman acquaintance of mine to whom I had shown six replies in which gentlemen of the frock were given an approximate rating of 10!

Many were the replies, however, that stated Capacity can well be judged by one's occupation. Usually we have taken the amount of an applicant's salary or wage

Occupational Rating List

1	Railroad employees	90.8
2	Office clerks	88.2
3	Nurses	87.5
4	Accountants	85.8
5	Teachers	85.2
6	Municipal firemen	84.1
7	Municipal street railway employees	84.0
8	Mail carriers	81.0
9	Municipal policemen	80.5
10	Skilled male factory workers	79.6
11	Retail grocers	79.1
12	Retail butchers	78.9
13	Retail bakers	76.1
14	Plumbers	75.2
15	Clergymen	74.6
16	Retail store salesmen	71.5
17	Doctors	69.8
18	Dentists	69.5
19	Unskilled female factory workers	68.8
20	Farmers	68.7
21	Gas station attendants	67.8
22	Unskilled male factory workers	65.8
23	Bricklayers and mason workers	65.4
24	Drug store employees	65.1
25	Auto mechanics	64.0
26	Carpenters	60.2
27	Domestic servants	55.2
28	Hotel help	54.1
29	Lawyers	53.9
30	Barbers	53.6
31	Miscellaneous workers	53.4
32	College students	42.4
33	Painters and decorators	40.7
34	Restaurant help	34.8
35	Artists	32.2
36	Entertainers	29.3
37	Cab drivers	28.8

in placing an account limit which effectively mirrors Capacity. And it is undeniable that wages fluctuate little within a trade, as long ago proved by the Bureau of Labor Statistics.

Further, seasonality of employment directly affects Capacity and this is a result, above all else, of one's occupation. A glance will prove that seasonal workers are uniformly considered poor credit risks. On the other hand, we find Capacity is apparently well assured by the degree to which an individual's occupational earnings are

(Continued on page 27.)

"On Our Way"--For More Members!

THE following membership trophies will be awarded at Spokane next June:

Parker Pen Sets to the District Chairman; State Chairman; Local Chairman; Local Association President; and Local Association Secretary reporting the greatest number of new members.

There will also be Parker Pen Sets awarded to two credit executives, likewise two credit bureau managers or personnel, personally securing the greatest number of new members.

And, in addition: To *any individual* securing three regular National members, an N. R. C. A. gold lapel button; or, for ten regular National members, a National emblem gold ring or a Parker pen and stand.

Membership trophies will also be awarded to the largest new unit in the United States; to the largest new unit in Canada (organized since June 1, 1936); to the unit having the largest membership in proportion to population; to the District having the greatest number of members; and to the District reporting the greatest number of members for the year ending May 31, 1937.

* * *

District 10 leads in new memberships for this year, a total of 204 members having been received from the following cities: Vancouver, B. C., 183; Bremerton, Washington, 10; Walla Walla, Washington, 11. *Watch District 10 this year!*

* * *

In reporting ten new memberships, Miss Avadana Cochran, Manager, Kitsap County Credit Bureau, Bremerton, Washington, wrote:

"I am very happy to enclose our check to cover 10 National memberships.

"I cannot tell you how surprised and pleased I was to find that ten out of the twenty-five firms to whom I distributed the complimentary copies of *The CREDIT WORLD* were willing to sign up as National members."

* * *

Under date of August 28, Mr. H. E. McGahey, Secretary of the Walla Walla Valley Merchants Association, Walla Walla, Washington, reported 11 National members, qualifying as a unit of the N. R. C. A.

* * *

Pittsburgh (District 12) has reported 37 members since the Omaha Convention. Indications are that a large number of new members will be reported by that Association before the close of our fiscal year, May 31, 1937. In fact, signs now point to Pittsburgh as having the largest National unit when we meet at Spokane next June, at which time Pittsburgh will extend an invitation for the 1938 National Convention.

* * *

W. Harvey King, Chairman New Members Committee, Nashville Retail Credit Association, wrote (Sept. 15):

"We have been able to secure 36 new members since August 1, 1936, without really turning on the heat; however, the weather has been plenty hot. We expect to have at least fifty by the September meeting and we believe

that without a doubt we shall reach our quota of one hundred members before the fiscal year ends."

Mrs. Corinne J. Fulmer, Secretary of the Tuscaloosa (Ala.) Credit Association, Inc., writes:

"We are very proud of our eighteen new members and want to give credit to Mr. Paul Vaughan, Credit Manager, Loveman, Joseph & Loeb, Birmingham; and to Mr. Leo Karpeles, Credit Manager, Burger-Phillips, Birmingham, Alabama, for helping to get them. They both came to our first meeting early in the summer and made splendid talks, telling of the advantages they realized in having their weekly meetings. Since then we have had very interesting monthly meetings, and hope we will be able to continue to do so."

* * *

National Director Silverson (Memphis) promises 100 new members, as indicated by the following:

"I have just been made membership chairman of the local association and hope to enroll one hundred new members, which I have set as our goal for the local and national associations within the next sixty days. We are going to give to any person who secures thirty memberships a trip to the National Convention (next June), all expenses paid—with other prizes varying from railroad fare and trip expenses, and hope this plan proves successful."

* * *

M. G. Riley, Secretary, Retail Credit Association of Kansas City, reported 21 new members this month and writes that others will follow throughout the year.

* * *

H. J. Burris, of Kansas City, President of District 7, wrote September 15, as follows:

"Here is something that may be of interest to you as it will show what a local retail credit association can do for its members.

"One of our large stores recently began using our Retail Credit Association letters in the collection of slow accounts. They sent out 352 of our Number One letters and in sixteen days they had received full or partial settlement on 195 of these, or 55.39 per cent. They also received \$2,309.14, being a dollar percentage of 33.55 per cent of the total amount (\$6,880.88) on all letters sent out."

He also wrote on September 19 in connection with the collection letters of the Kansas City Association:

"For your further information along this line, wish to advise that I have used our Association collection letters since the beginning of our organization with wonderful results and the letters have much more pulling power today than they had at that time, because the Association is so much better known now than it was then. Just a few days ago I checked up on Association letters sent out in August and find that I sent 43 letters calling for \$818.29 and in an average of fifteen days I had full settlement of 17 of these and partial settlement of 8 more. The amount paid on the total of 25 was \$435.68, or 53.26 per cent."

(Continued on page 31.)

Credit News Flashes--

Personal and Otherwise

Kansas City Has a Credit Women's Breakfast Club

Thirty-five credit women were present at the organizational meeting of Kansas City's Credit Women's Breakfast Club, September 17. Miss Phyllis Wyne of the Coal Credit Bureau was elected President and other officers will be elected later.

Membership is open to all women employees of the credit departments of member stores.

The Morris Plan Bankers Association held its annual convention at The Homestead, Hot Springs, Va., September 21, 22, and 23.

The Associated Retail Credit Men of New York City, Inc., will hold their Annual Dinner Dance, Saturday, October 24. This is one of the "high spots" in the Association's entertainment program each year.

James Wilson Feted on 50th Anniversary

James Wilson, Credit Manager of Denholm & McKay Co., Worcester, Mass., and a charter member of the National Retail Credit Association, was recently tendered a testimonial dinner by his firm, the occasion being the rounding out of his 50th year with the organization!

Working under a physical handicap, he has won for himself a niche in the world of credit, being recognized as one of the outstanding credit men of the country. Below

DENHOLM & MCKAY CO.
BOSTON STORE
WORCESTER, MASSACHUSETTS

June 18, 1936.

Mr. James Wilson,
Denholm & McKay Company,
Worcester, Mass.

Dear Mr. Wilson:

Fifty years of service in one store is a long time, but coupled with that and more important is that during all those years of faithful service, your work, as Credit Manager, has been outstanding, and always given for the best interest of the Denholm & McKay Company.

Therefore, it is a real pleasure to present to you this token of our esteem, not forgetting the good wife who has helped to make it possible to fulfill these accomplishments.

With best wishes for all the future years that are to come,

Sincerely yours,
J. H. Wilson
President.

PAK:5

is reproduced a prized letter from the president of the firm and in the photograph at the right, he is shown with Mrs. Wilson at the banquet.

Death of E. B. Hutzler

E. B. Hutzler, Secretary of Hutzler Bros. Co., Baltimore, died suddenly September 27 aboard the "S.S. Washington" on which he was bound for Europe. He had been connected with the store for 40 years.

During the war, he served as director of the Southern Division of the Bureau of Supplies for the Red Cross and was stationed at Atlanta. He was unmarried. Two brothers, Louis S. and Morton D., survive him.

The National Association of Sales Finance Companies held its Thirteenth Annual Meeting at Hot Springs, Va., September 14, 15, and 16.

"Ten Hidden Losses"—A New Booklet

The Household Finance Corporation of Chicago has published a 36-page booklet under the above title, which is offered gratis to any reader returning the coupon which is included in the advertisement on page 1 of this issue.

This booklet, written by Dr. Clyde William Phelps, of the University of Chattanooga, is entitled "Ten Hidden Losses in Slow Charge Accounts." It is a searching analysis of this subject and should be read by every credit granter—and his boss!

Pennsylvania Credit Bureaus Meet

Franklin Blackstone, Credit Manager, Frank & Seder, Pittsburgh, was one of the first speakers on the program of the annual meeting of the Associated Credit Bureaus of Pennsylvania, held in Philadelphia, September 21 and 22.

William H. Talley, Wilmington, Del., was elected President; E. H. Ward, Uniontown, Pa., Vice-President; Walter H. Cook, Washington, Pa., Treasurer; and Louis S. Grigsby, Philadelphia, Director. Three other directors will be named later.



Mr. and Mrs. James Wilson at testimonial dinner.

Our Twenty-Fifth Year Begins With This Issue!

This issue—Volume XXV, Number 1—is a milestone for The CREDIT WORLD, marking the beginning of its *twenty-fifth* consecutive year! As this is written, we have before us a copy of Volume 1, Number 1, dated September, 1912. It was small, as are all beginnings—with a page size of six by nine inches.

The front cover carries this caption: "Treating All Phases of the Credit Problem—The Heart of Business." The words, "The Credit Problem," are outlined in the center of a red heart. It was published in Minneapolis and the "masthead" shows O. R. Parker (first Secretary of the Association) as Editor and Business Manager.

The "lead" article was written by S. L. Gilfillan, our first President, who was then Credit Manager of L. S. Donaldson Co., Minneapolis (now Secretary-Manager of the Retail Credit Association of Minneapolis). Incidentally, that article carries some pertinent paragraphs, as apt now as they were then.

A list of the first officers and directors, the original constitution and by-laws, a question box, and a number of articles by credit men and bureau men made up the first issue.

An interesting feature was a two-page article, headed "A Suggestion and Its Reception." In this were reproduced Mr. Gilfillan's letter, inviting prospective members to attend the organizational meeting in Spokane, and a number of responses from credit granters.

The CREDIT WORLD has advanced far, in the years between, but that first issue is still something of which the "founding fathers" may well be proud. For its yellowing pages, mellowed with the passing years, contain prophetic vindication of *their* farsightedness—and inspiration to greater achievement for us all.—DANIEL J. HANNEFIN.

Shreveport's Annual Election

The Association Credit Granters, Inc., Shreveport, La., recently elected the following officers for a period of one year:

President, W. G. Reidhimer, Louisiana Oil Refining Corp.; Vice-President, C. A. Parks, Southwestern Gas & Electric Co.; Secretary, W. K. Norton, Norton's Business College; and Treasurer, L. V. Gibbs, M. Levy Company.

Directors: L. P. Nichols; Warren Graham; A. E. Edmonds; and Presley Soniat.

Revised Constitution and By-Laws Ready

The Constitution and By-Laws of the National Retail Credit Association, as revised at the Rochester and Omaha Conventions, are ready for distribution. A request, on your letterhead, to the National Office, will bring your copy.

Names of Charter Members Wanted

The National Office would like to compile a list of the names and addresses of all *charter members* of the National Retail Credit Association: Those who were present at the organizational meeting in Spokane, and those who joined shortly afterward. If you know of anyone who was a charter member, please send name and present address.

More Convention-Attendance Plans

(Continued from page 21.)

dance and frolic, charging \$1.00 each for the tickets or \$2.00 per couple, and I asked the Board of Directors of the Association to appropriate \$200.00 to cover expenses and they agreed to make the appropriation.

We appointed twenty-five teams of two and assigned eight or ten firms to each team with a suggested number of tickets to sell to the firms, with the understanding that they would send their entire credit department personnel (and any others in their employ they desired to send). We cleared \$450.00 on the dance and were successful in sending six credit men to the National Convention, paying their round-trip railroad and Pullman fare.

The round-trip rate from Jacksonville to Omaha was \$74.30. The firms whom the credit men represented paid their personal expenses or the credit men paid their own. I think, however, that all of the firms paid their personal expenses, which amounted to about \$75.00 for each man.

The teams soliciting the firms to take the tickets explained that we had dispensed with the annual banquet hoping to net a sufficient amount of money to send five or six credit men to the National Convention, and everyone cooperated to the fullest extent.

It was agreed that if more credit men applied to make the trip than funds were available, all names would be put in a hat and the first names drawn would be the lucky ones. In other words, if we had enough money to send six men, and eight applied for the trip, the first six names drawn would have been the ones selected.

It might be interesting to you to know that our plans this year are somewhat similar except that we plan to hold perhaps two or three dances or other forms of entertainment during the year in order to raise a larger amount, due to the fact that the convention will be held at Spokane, which will increase transportation costs over those to Omaha.

You saw the special credit editions of the Jacksonville newspapers which we put out during June. In this particular edition, the credit men did no soliciting of advertising. Next year, however, we plan to sponsor a pay-up week and have credit men solicit advertising and we hope to succeed in getting the paper to allow us a commission of 25 or 30 per cent. This we will put into the convention fund, and we expect to earn around \$250 to \$300 from this project.

The special edition which we succeeded in putting out was not very large but considering the fact that it was a new idea and that the credit men did not solicit the advertising, leaving that entirely to the advertising solicitors of the paper, I think it was a very creditable job. We plan to make the next edition a 24- or 32-page section.—C. E. MOORMAN, Manager, Retail Credit Men's Association, Jacksonville, Fla.

(Editor's Note: Mr. Moorman, in June of this year, obtained the cooperation of the *Jacksonville Journal* in publishing a special eight-page "credit section" in that paper's issue of June 17.)

See the new "half-inch" size National Emblem electro-type on the front cover of this issue. Looks better—prints better! Price, fifty cents.



Does the Government Control Consumer Credit?

By GUY H. HULSE

Executive Vice-President and General Manager, National Consumer Credit Reporting Corporation

SIR ISAAC NEWTON gave the world understanding of his third law, that for every action there was an equivalent reaction. Thus we find as a result of his assertion that most facts, ideas and opinions, draw countless expressions of opposition. Whether he ever intended that his theorem was to explain the cause or justification for contrary views is unknown.

No one will deny that the Federal Government has taken a hand in the game of general business. The reasons for such action are too well known to warrant repetition. Furthermore, it is generally agreed that prior to the time the recent Federal agencies came into the installment financing field there was a marked minimum of activity. This was especially true in those lines most necessary for quick recovery in the building material and equipment industries.

Skilled labor was likewise at a tragic standstill. This woeful lack of activity meant lack of confidence on the part of John Q. Public. The latter's action kept sales forces at low ebb; it left more dust than goods on the shelf of the retailer, and the manufacturer had nothing but a bleak outlook to face in planning future production schedules.

Only the development of the insured character loan as fostered by the National Housing Act—administered by the Federal Housing Administration—revived that wan-ning activity. It accomplished that resuscitation to the great relief and joy of the material and supply circles, the household equipment field and the skilled crafts in the construction industry.

Naturally, it took considerable wooing to attract money out of hiding. Obviously, lowered interest rates had to be the chief lever by which this economic obstruction to the return of activity could be budged. Eventually, those agencies which had been accustomed to levy high rates of financing costs in these same lines of business found the public turning to a more economical channel for time purchases. That was as inevitable as water seeking a lower level.

To the accusation that the Federal Government entered the business field in a direct capacity, the answer is "Yes." But when the motive for this action is weighed with the objectives sought there is little basis for logical opposition. The benefit to public welfare is recognized as a supreme motive that cannot brook individual or any other barrier.

That there has been a strenuous objection to the entry of the central Government was of course to be anticipated and properly interpreted. But if the purchasing public

has found a newer service which has expedited their installment buying with less financial burden to current income, then the older agencies should plan for a renovated future.

Just as the law of gravity rests undenied today, a similar economic law of price will guide the consumer in seeking for less expensive methods of financing purchases. Once educated to a new and more beneficial system that is generally accepted by the retailing outlets, it stands to reason this same consumer will be staunch in demanding continuation of that plan, at least until an improved scheme can be found which will displace the present one.

Browsing through the Senate hearings on the credit status of the country, one will not find marked reference to any plan which contemplates by Federal control the rigid operation of credit relating to consumer purchases. The idea is utterly foreign to present economic thought.

If the accusation of Federal control of consumer credit has been made with the idea of feeding the hopper with political writings, then the contention can be properly classified and excused as such. If it has been made with sincerity with the belief that the Government in Washington would sit down and plan barriers to confine credit, the supposition is far-fetched and whimsical. It rather hints at a cobwebby tale hatched in the chimney corner while the gale roared outdoors!

After all, the directive force that the Federal body in Washington gives to the reviving consumer purchasing element in the country is likened to that of the ninth man in the racing shell. The propulsive force is furnished by the eight oarsmen; the man at the rudder ropes merely keeps the prow on its course and encourages the continuation of the effort.

We may conceive consumer credit to be a personal right or privilege which is given to the prospective purchaser because he has met the tests set up to determine his honesty and paying ability. Once these prerequisites have been examined and found to be satisfactory to the standard, there is a sound reason for approving the full extension of credit. In a certain sense, this is similar to loaning that individual so much money.

Surely no one can conscientiously distort the mandate of the National Housing Act to imagine any hidden evidence of consumer credit control. The Government does not make the character loan; it has not viewed the proffered risk until the lending institution has first weighed the commitment and agreed to handle the obligation of the borrower, subject to Federal approval and insurance.

It is the standard consumer credit report furnished by

thousands of credit reporting agencies in the country which becomes the chief measuring stick in determining satisfactory rating. It is the lending institution which must make this examination and resulting decision to accept or refuse the character loan.

Where does the Government set up control? It merely tells the lending institution that a bad risk cannot be accepted by Federal insurance. No sound business executive hoping to stay in business would accept a risk that carried any doubt of fulfillment; the private corporation would not be accused of "control" but would be said to be exercising its sagacity. It is by the elimination of diseased and destructive elements that we survive; that is the identical action that goes on in the management of character loans approved and insured by the Government.

Perhaps the credit bureaus themselves can best arrive at their own views pertaining to such controversial topics when they consider the volume of reporting business which has been derived from installment financing agencies in the past. A comparison of those figures with the total resulting from present-day character loan business under the NHA will prove a conclusive answer.

Most bureaus will see in their statistics an increase of business since the full momentum of Title One was established. Naturally this increasing volume has brought operating revenues to the credit bureaus; wise credit has been established because of their services to the retailers; there has been a most satisfactory protective service given to the retailers which in turn helped the distributor and the manufacturer; after a period of great hesitation, money was put to work in the open with a feeling of security. Wherein lies the basis for any just criticism against the credit functions of the country as relate to the consumer?

When any new influence enters the consumer purchasing field and can demand that those who buy on time must pass a rigid test to be declared worthy of that favor, business in general has gained by that action. One does not have to rely upon statistics to see the wisdom of having credit reports brought into greater use.

This added need for them during the reviving days of business merely sets up an operating prerequisite which will be beneficial in the succeeding years. Losses due to bad credit grants will certainly decline. Consumers are receiving a preliminary education in the wise use of credit which heretofore was never presented so forcibly. That, in itself, is worth millions to the merchants and craftsmen in terms of future sales.

If there is any real ground for contending that Federal participation in business today is injurious, the will of the people will ultimately decide the issue. Should there be any basis for believing that some financing agencies are discriminated against, that they are being turned out of their former channels of operation by this bureaucratic invader, the case should be submitted to the people. Under most circumstances the consumer is an unbiased judge. Styles and modes rise and fall with his approval or disdain. In like manner public acceptance or objection to alleged control of consumer credit in installment purchases can be determined.

No amount of writing in the sport columns ever settles the question of a world's series. It takes actual contact in a nine-or-more-inning battle on the sun-baked dia-

mond to determine the winner and his manner of supremacy. And, in the same way, only by trial will the question of how, when and under what conditions will the purchaser buy goods on time financing be conclusively proved. Thus far the FHA has seen more than 300 million dollars flow through a better and more economical channel of financing. That is solid and irrefutable evidence.

No small part of the success of the public's attack upon old and costly plans of financing has been won by carrying the case directly to the consumers. After all, theirs has been the chief interest. With true facts laid before their eyes they have been quick to see the advantages to be gained by low-cost, long-time financing when compared to other and more expensive plans. As both judge and jury, these consumers render a decision from which there is no appeal.

For the Federal Government to have accepted the design of plans formulated by some of the leading business managers of the country, whereby low interest charges quickened the return of retailing prosperity, speaks well of the rights of man and the theory of public welfare. Naturally, there is reasonable justification for the acclaim that the Government has received because of the success of Title One. It is safe to say there is no danger facing consumer credit for it is not under Federal control. Only the consumer himself is subject to wise restriction.

Occupation -- Its Importance in Granting Credit

(Continued from page 22.)

protected by the government or strong unionism such as is evidenced in the high rating given to railway employees and skilled technicians.

There is usually a good correlation between occupation and education which of itself is important to a credit grantor. To this might be added recent findings of psychologically minded educators who aver that an A.B. or B.S. must have some character. Enough we hope to reply favorably to that big question, "Will he pay?"

One of the credit men for a Detroit bank with whom I talked also brought out the point that individuals engaged in certain occupations were all "high-livers," although it is perhaps debatable that one's social life and aspirations may be gauged by his occupation. However, as a number of the credit grantors mentioned, it is an evident truism that an applicant's stability, an important aspect of character, can well be measured by the period of time during which he has been engaged in one occupation.

Indeed, occupation should well be considered and studied in granting or refusing your next applicant for credit. Lest, however, you may now think we intend to overlook the individual, let's study him even more closely, for often it's the intangibles of the "three C's," Character, Capacity, and Capital, that steer us off the bad-debt reef. A thorough investigation saves many an account, otherwise lost, while it can advantageously be used in building up your good accounts.

See the new "half-inch" size National Emblem electro-type on the front cover of this issue. Looks better—prints better! Price, fifty cents.

When the Credit Office Writes "the Boss"

RECENTLY we wrote Erwin Kant, Credit Manager of Ed. Schuster & Co., Inc., Milwaukee, for an article for this issue, not knowing that he was away on a vacation. The members of his department wrote him the following letter (and sent us a copy) which is so good that we are reproducing it verbatim:

To the Boss

Mr. Erwin Kant,
Found Lake (or Lost Lake),
Somewhere in the North Woods of Wisconsin.

Dear Erv:

We hope this letter reaches you, but since we couldn't find anyone who knew just where you had gone, we are taking a chance. Gene, Elmer, Norman, and Oscar remembered the stories of the big fish you caught in these lakes in the past, so we're sure that you are at one of them.

All they remembered about the place where you usually stay is that the boss is named "Ole" and that after the twelfth flapjack and the sixth pork sausage have disappeared, he refills the plate and asks if you would also like more coffee; also, that he serves the largest glass of Milwaukee amber fluid, *with the least foam*, in the North Woods!

We really wouldn't bother you except that you have a letter here from your old friend, Mr. Crowder (and how I bet he wishes he were with you), asking for an article about the benefits of belonging to credit associations. Now, everyone around these parts knows how you have spent the twenty years you have been in credit work, promoting cooperation among the credit fraternity, and how



Erwin Kant

you have traveled all over the state helping local associations, and how you are never too busy to help some other credit man or some organization.

It is just too bad to pass up this opportunity to tell others how much you have gained from your contacts in these organizations, and to impart to them the enthusiasm and energy you have given to us who are with you daily. As you so often have told us, "An organization is the backbone of credit work."

In fact, we wouldn't be surprised to hear that the muskies and pike up north are organizing to check up on the spinners, bucktails, and minnows before making a lunge for them, or how they have a central committee to check up on that old battle-worn spinner of yours and hurry back with word to the others that two of the big boys got hooked last year because they grabbed first and found out their mistake too late!

Perhaps, if you don't want to spoil your vacation, you can make it up to the boys later on, for we know you have a lot to tell them.

You know it has been pretty lonesome around here with you gone. Things just don't seem the same. Just yesterday, as we looked through your upper left-hand desk drawer, it didn't seem natural not to find a couple of pike minnows with the teeth prints of muskies still showing in silent evidence that some of them didn't get away.

We are all looking forward to your being back for the big fall round-up, Thursday night. We have a habit here of depending on your getting your shoulder to the wheel and helping our organization of retail credit men to have another successful year.

As ever,

THE GANG AT HOME.



This photograph was taken at the last annual meeting of the Wisconsin Retail Credit Association.

National Director from District Thirteen, Mr. Kant is an ardent membership worker. He pioneered the organization of the Wisconsin Association and, in cooperation with A. C. Wehl, District President, is now planning an intensive drive for National members in Wisconsin.

Cleveland Claims Oldest Credit Women's Club

In our August editorial, we credited J. N. Keeler of Portland, Ore., with being "the Father of Credit Women's Clubs" whereupon Wm. H. Gray of Cleveland promptly and emphatically challenged our statement!

He countered with documentary evidence in the form of actual pages from newspapers and magazines showing that the Cleveland Women's Credit Club was organized in March, 1929—more than a year before the formation of the Portland Credit Women's Breakfast Club!

Mr. Keeler concedes Mr. Gray's claim but insists that he is still the "father of all credit women's breakfast clubs." The letters follow:

"Bill" Gray's Letter

You and my good friend Keeler of Portland, it appears to me, are taking in a little too much territory in connection with women's credit clubs. Keeler may be the father of the Portland Club, but I'll be doggoned if I will release parental claim to the Cleveland outfit.

Also "you-all" refer to the Portland organization as the first of its kind in the country. After referring to the attached documentary evidence refuting your statement, I would like to know what kind of an alibi you have.

Regardless of the above, I compliment the women on what they were able to do on the Omaha Convention. Our Cleveland group has followed through, starting what they term a "Spokane Derby" and will be well represented at the 1937 Convention. The "Derby" is to provide expense money for delegates and although only about a week old they already have sufficient cash to pay for one delegate.—WM. H. GRAY, Secretary, The Cleveland Retail Credit Men's Company, Cleveland, Ohio.

John Keeler's Reply

If a good controversy in regard to who is father of credit women's clubs, or credit women's breakfast clubs, will make those institutions better known, I am for it.

Our Portland Breakfast Club, I believe, was organized in May, 1930, which would make the club in Cleveland older, but ours was the original "breakfast" idea. I still think my gray hairs and age should be respected. I passed the 60th milestone the other day and feel that I should be considered the father of all credit women's breakfast clubs.

The President of the Portland Credit Women's Breakfast Club just informed me that they already have a contest under way in which the winners will be given a trip to the Spokane Convention.—JOHN N. KEELER, President, Credit Reporting Co., Inc., Portland, Ore.

"When Wives Work -- Who Should Pay the Bills?"

"Should their husbands pay the bills? Should they pay their husbands' bills?" These are a few questions which James D. Hays, General Manager of the Harrisburg (Pa.) Credit Exchange, has put into a contest which is being given considerable publicity in the local press.



Letters That Cross The Editor's Desk

I have received and thank you for the Proceedings of the Department Store Group Conferences. Any credit man or credit woman who will read this from cover to cover will have obtained a wealth of information.—G. C. DRIVER, Credit Manager, The May Company, Cleveland.

The CREDIT WORLD has been improving right along and is becoming more and more valuable for credit men because of the statistical information submitted therein.

I think your idea of publishing articles about systems and forms actually in use would be good material. We talk a great deal here and there about these things but the actual mechanics are hard to tell people about except through the publication. I think it is a fine idea.

I have heard very favorable comments of late about The CREDIT WORLD because of the statistical information and forms, etc., that are being publicized.—AUG. C. WEHL, Credit Manager, Gimbel Brothers, Milwaukee, Wis.

A copy of your CREDIT WORLD has come to our office for which we thank you.

It has helped so much in pepping up our collection letters. Are these letters from various sources on collections a part of the magazine or a special feature several times a year?—W. G. McCARGO, H. V. Baldwin & Co., Richmond, Va.

I believe that the editor of The CREDIT WORLD should be congratulated on the recent articles which have been appearing. They have been very interesting.—DEAN ASHBY, Credit Manager, M. L. Parker Company, Davenport, Iowa.

You will be interested to know that we have already made our reservations at the Davenport Hotel in Spokane for the 1937 Silver Anniversary Convention and hope to have a 100 per cent Goodrich representation.—W. H. KEPLINGER, District Credit Manager, The B. F. Goodrich Co., Seattle, Wash.

Passing of Mrs. Sophia Taylor

Mrs. Sophia Strong Taylor, Chairman of the Board of William Taylor Son & Co., Cleveland department store, is dead at the age of 75. She had been head of the business for 43 years. Two years after her marriage to J. Livingston Taylor (who had recently succeeded his father as owner of the store), he died. So Mrs. Taylor became the active head of a flourishing department store.

In 1902, when the store was incorporated, Mrs. Taylor became its first president. She held this title until early in 1935, when she retired to the post of chairman of the board, the presidency passing to her brother, Major Charles Henry Strong.

Her philanthropies were many and varied, her favorite interests being medical students, crippled children, and foreign missions. So insistent was she on avoiding publicity, many of her benefactions will never be known.

U.S. 1935 Credit Survey Shows Upturn

CONSUMERS' open accounts to retailers in fourteen kinds of stores throughout the country were paid on the average of every 65 days during 1935. This was four days less than the time required to collect accounts in 1934. The amount of time necessary to pay installment accounts was decreased, on the average, about 10 days. These long-term accounts, or deferred payments, were outstanding 200 days in 1935 as compared with 210 days in 1934. These and other facts are revealed in the annual Department of Commerce Retail Credit Survey for 1935, just released.

This study is based on reports of 1,566 credit-granting stores in 13 kinds of retail trade located in 88 cities and is a continuation of a series of studies started in 1928 at the request of and with the cooperation of the National Retail Credit Association. A few of the high lights of this study are portrayed at the right.

Chart No. 1 shows the extent of credit business for the 13 types of stores, with heating and plumbing leading the list with 92.4 per cent open credit, 4.5 per cent installment and 3.1 per cent cash. Open credit sales for all of the stores reporting increased to 46.7 per cent from 46.1 per cent in 1934. Cash sales decreased to 41.1 per cent from 42.9 per cent in 1934 while installment sales increased to 12.2 per cent from 11.0 per cent in 1934. The greatest increase was, therefore, in installment business.

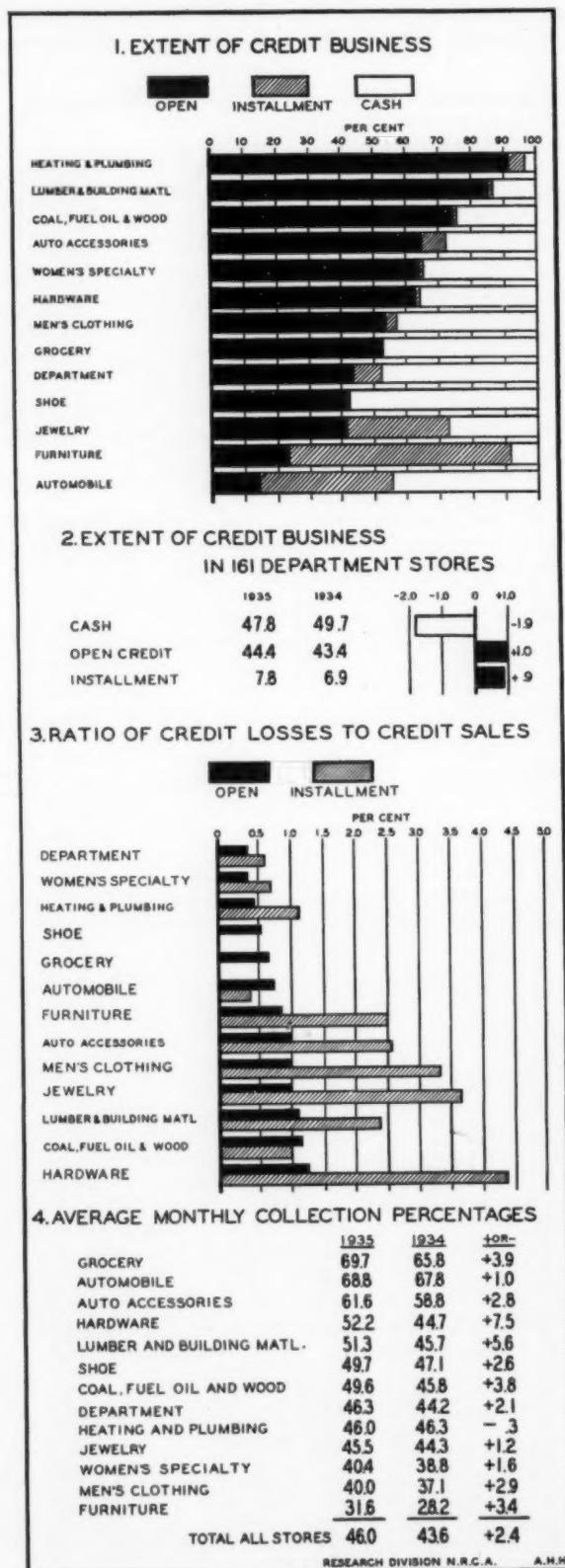
Chart No. 2 indicates the extent of credit business in the 161 department stores included in the survey. An increase of 1.9 per cent in open credit and installment sales will be noted, as well as a proportionate decrease in cash sales.

The ratio of credit losses to credit sales for all types of stores is illustrated in *Chart No. 3*. Department stores lead the list with only a .4 per cent loss on open accounts and a .7 per cent loss on installment accounts. Bad debt losses on all stores reporting decreased to .6 per cent from 1.0 per cent in 1934 on open accounts, while losses decreased to 1.5 per cent from 2.4 per cent in 1934 on installment accounts. Accordingly, the greatest decrease in losses was on installment business.

Table No. 4 shows the average monthly collection percentages with grocery stores leading the list with 69.7 per cent as compared to 65.8 per cent in 1934, or an increase of 3.9 per cent. Collection percentages on open credit accounts receivable and on installment accounts receivable for practically all stores reporting, were somewhat higher for 1935 than for 1934.

Acceptance or rejection of applicants for credit was based chiefly upon credit bureau reports by 74.5 per cent of the retailers reporting.

This study is an aid to all retailers in adopting sound credit policies by providing a basis of comparison of their experiences with other stores. It should be in the hands of every member of this Association. Copies of the report may be purchased from the Superintendent of Documents, Washington, D. C., or through any District Office of the Bureau of Foreign and Domestic Commerce. The price of this volume is ten cents.—ARTHUR H. HERT.



"On Our Way" -- For More Members

(Continued from page 23.)

Anyone interested in organizing a local association will be furnished details by the National Office and will be sent the booklet, *Value of Retail Credit Associations—How to Organize and Conduct Them*. Letters similar to the ones used by Kansas City are recommended by the National Office and have been used for many years by some of the associations. The Memphis Association refers to the collection letters as follows:

"The privilege of using these letters alone is worth the amount of the annual dues. Last month one of our members voluntarily reported to the Association that he had sent out these letters to 125 of his debtors whose accounts he had a short time previously charged to Profit and Loss, with the following remarkable results: *Fifty paid \$800 and 20 promised to pay.* This is typical of what may be expected from the use of these letters."

Such letters are furnished by each local association, are printed locally and will pay for Local and National membership many times over.

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Ten Tested Tracing Tricks

(Continued from page 14.)

Shortly thereafter, our collector happened to call upon this neighbor, inquiring for Mr. Skip. And unsuspecting Mrs. Neighbor dug up a chain letter she had just received and obligingly gave us the debtor's name and new address out in a western state!

Immediately, we sent this to our local correspondent, who has already collected a substantial sum and is getting regular payments each month from Mr. Skip, who never did know how we found him.

Quite often lists of bank stockholders are published in newspapers.

It is very important to watch and make a note of these because a person owning stock in a certain bank will usually carry an account at that bank and in case it is ever necessary to garnishee his bank account, that information is very valuable.

It is also wise to note the address of the remitter on money orders received. This information has enabled us to correct our records on hundreds of accounts when the debtor had overlooked notifying us of his new address.

Lloyd Marsh, Credit Manager of the Tire Division of the Standard Oil Company in Kansas City, says he locates more skips by watching the chattel mortgage recordings listed in the *Daily Record* than by any other way. (In Kansas City, the *Daily Record* is the official newspaper which publishes all legal notices such as suits, mortgages, bankruptcies, etc.)

J. Willard Smith, Credit Manager of the Arnold Smith chain of garages, says he recently located a long-lost skip through the debtor's mother. She at first refused to disclose her son's whereabouts but when told by sly Mr. Smith that he wanted to repay a loan which he owed to her son, the new address was immediately forthcoming.

In taking an application it is not at all unwise to learn if the applicant has any grown children working. If so, learn their places of employment. Then if the debtor disappears, you might, through his children, locate him.

These "Ten Tested Tracing Tricks" are just a few of the many I have in my portfolio. Recently I delivered a series of talks to our local credit association on the general subject of tracing as well as upon the specific subjects of "Tracing by Personal Contact," "Tracing by Telephone," "Tracing by Mail," "Tracing by Telegraph," "Locating Debtor's Bank Account" and "Locating Debtor's Place of Employment."

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Retail Terms on Electrical Appliances

(Continued from page 20.)

Last, but certainly not least, in influencing your policies on retail terms will be the terms offered by competitors.

In the past year or two selling and financing organizations have been increasingly liberal on retail terms. *The trend has not been governed entirely by sound credit policies.* Sales outlets, eager for volume, have preferred to push sales through liberal terms. Last year the Government, through the National Housing Act, issued a plan which insured finance institutions against loss on modernization loans and this applied to major electrical appliances. Terms offered under this plan were considerably more liberal than had been offered previously.

With the urge to build load on their lines as quickly as possible, some utility companies offered liberal terms. They, of course, could afford to go farther than the retail merchant since they were more interested in the additional current the appliance would use than in the profit on the sale.

I believe there is a general feeling among those companies and financial institutions who are experienced in handling installment sales that the present trend toward longer terms is unsound. As one who shares this feeling, I am glad for this opportunity of expressing it to a group who can do so much to correct this trend. Through your cooperative efforts and these organizations of credit men you can exert a powerful influence in keeping this great aid to selling on a sound, profitable basis.

Membership Blank

National Retail Credit Association
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.....

Title.....

Firm.....

Address.....

City State

Recommended By.....

Methods of Instalment Selling and Collection

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HOW to sell "on time"—
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Use of selling psychology in credit work; use of sales promotion to build up more charge accounts for the store; use of letters for both collection and sales building; use of the newest methods of handling the installment credit problem.

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Order From

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1936 Department Store Group Proceedings and Convention Addresses

Most of the discussions in the Department Store Group Conferences at the Omaha Convention centered around the selling of "soft lines" of merchandise on deferred payments—the most-discussed topic in the retail credit field today.

Every phase of this vital subject was gone into—thoroughly—by leading credit executives from all parts of the United States and Canada. Many discussed in detail their experiences with the different plans: Letters of Credit, Coupon Books, Budget Accounts, Extended Charge Accounts, etc.

In addition, many other subjects of direct interest to all credit granters were threshed out—in direct discussions. A few of these subjects are:

Installment Selling (Hard Lines)

Selling Electric Refrigerators on the
Meter Basis

Credit Sales Promotion:

—Reviving Inactive Accounts

—Analyzing Accounts to Stimulate

Buying in More Departments

Procedure in Declining Credit

Control of Overlimit Buying

Authorizing Systems

Service Charges for Cashing Checks

Carrying Charges on Overdue Accounts

All of the Convention addresses were included in this year's book. These cover every phase of retail credit, so you get the "meat" of the whole Convention for the price of the "Group-Proceedings" alone.

Everyone interested in retail credit—regardless of his line of business—should have this book.

**Only 45 Left. Order Now--Before
It's too Late!**

Price, \$2.00 Postpaid

**National Retail
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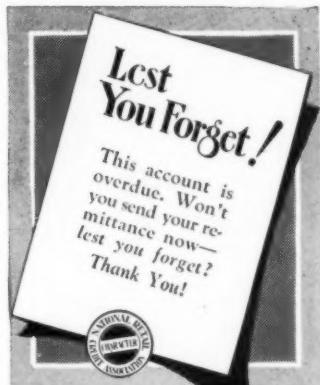
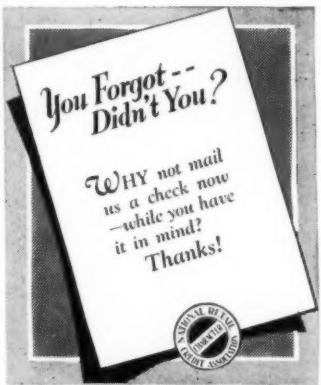
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Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50; 500 assorted, \$1.50.

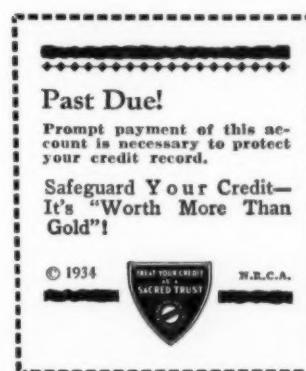
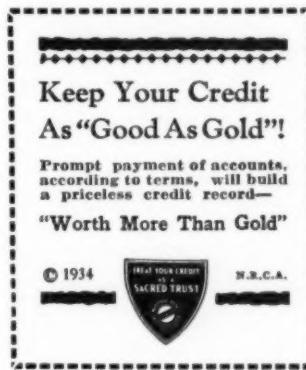


2. "Gold"

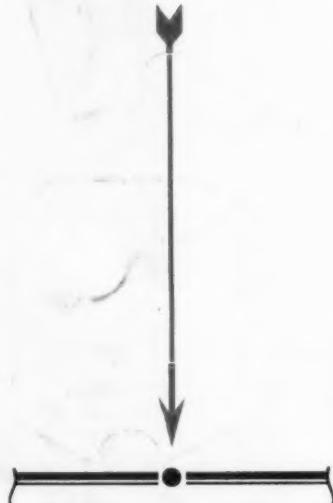
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"The First Four Pages of Your Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



Read the Letter:

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

I think the letters are splendid and the why and wherefores that go with them are so helpful, I do not believe anyone in this line of work will ever regret the purchase of one.

Yours very truly,
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M. Levy Co., Inc.
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THIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

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"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

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